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PROCEEDINGS
NATIONAL GOVERNORS' CONFERENCE
1969 Mid-Year Meeting
WASHINGTON HILTON HOTEL
WASHINGTON, D. C.
February 26-27, 1969

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NATIONAL GOVERNORS' CONFERENCE

1969 Mid-Year Meeting

The 1969 Mid-Year Meeting on Federal State Relations of the National Governors' Conference convened on Thursday, February 27, 1969, at 9:20 o'clock, ^a p. m., in the Ballroom Center, Washington Hilton Hotel, Washington, D. C., Governor Buford Ellington presiding.

GOVERNOR BUFORD ELLINGTON: Gentlemen, will you take your seats please. I will ask the Press to leave the room.

Our meeting this morning will be closed to the Press, and we have an afternoon session which will be closed to the Press. They will be with us at our luncheon, and I want to apologize to you again. I have, I suppose, a sore throat this morning but I hope that I can be heard.

We are particularly glad to have the Vice President and other distinguished guests with us and, of course, the Governors and all of their Aides.

It is my pleasure as Chairman of the National Governors' Conference to open this important meeting with the executive leaders of the States and of the National Government and again, Mr. Vice President, we are so happy that you are here. It is almost like business as usual with everybody seated around this table.

I want to express a welcome to all of the Cabinet Officers, the special guests, that are here today. We are grateful

to all of them taking from their busy schedule this time today. The Vice President will introduce the distinguished guests at a later time.

There is still another group of important political figures that I am looking forward to introducing. These are our new colleagues who are attending their first Governors' Conference as Governor of their respective State. We have seventeen new members, most of them with us today. I'd like to suggest that as I call your name you stand, and remain standing until all have been introduced.

First, Governor Russell Peterson of Delaware; Governor Frances Sargent of Massachusetts--I don't believe he has arrived, he will be here a little later. Governor Marvin Mandel of Maryland; Governor Walter Peterson of New Hampshire--the Petersons are getting rather popular. Governor Robert Scott from North Carolina--we will have to teach them to get up on time. Governor Frank Licht from Rhode Island--I know these gentlemen are here, I saw them last evening. Governor Deane C. Davis of Vermont; Governor Edgar D. Whitcomb from Indiana; Governor Richard B. Ogilvie of Illinois; Governor William G. Milliken of Michigan; Governor Preston Smith of Texas; Governor Robert D. Ray of Iowa; Governor Frank L. Farrar of South Dakota and Governor Luis A. Ferre of Puerto Rico. Thank you gentlemen.

(Applause)

I had the pleasure of visiting with some of our new colleagues in December at the meeting sponsored by the Council of State Governors. It was a special seminar for Governor-Elects and their Aides. The meeting, incidentally, dealt with the transition in Government, and we heard quite a bit about that in the last few weeks.

To all of the new Governors, let me welcome you as members of this Conference. We look forward to your active participation at this meeting, and at all future Conferences. I believe, seriously, if you take advantage of it you will benefit from your association with your fellow Governors. I know they will look forward to meeting with you.

Before we begin our program, I want to thank all of you who helped in the arrangement of this meeting. Mr. C. D. Ward and the other associates of the Vice President's Staff. Thanks to you for your cooperation. We want to commend our own National Governors' Conference Staff for the work they have done, and seeking the priorities of what we should discuss today.

We followed our normal course of sending out questionnaires to all the Governors. The response was as varied as they were numerous. The first thing, I believe, that a Governor today must deal with a multitude of problems and of opportunities. Even though

there are great diversities, a general thread of interest is woven in our actions toward the end that new and better directions must be found in the distribution of federal resources.

This common interest clearly calls for a commitment of the Federal, State and local levels if our system is to be able to deal with today's problems throughout the country.

With all the ground we have to cover today, we plan to look primarily at the domestic problems this morning. This afternoon, discussions will deal with federal aid policies, as well as some insight into the new Administration's approach to the foreign policy and national defense.

Today will largely be spent in getting acquainted with the new Governors, and gaining a better understanding of the problems and issues that we must all face together. It is apparent, then, that we have a lot to discuss and not a whole lot of time to do it. So, I will encourage complete openness and informality during this session. This, I believe, will assure the success that we seek today.

Even though we can only lightly touch on many issues, it is my hope that this will be only the beginning of an open and sincere communication between the State and the Federal officials. So, let us look briefly at some of the areas we should touch on today.

We want to take a look at our highway system as a part of the total transportation needs. We strongly urge the uninterrupted continuance of highway development funds, and we must also look to problems of mass transit; the airways; airports, and so forth.

Current proposals for greater balance in the urban development must be carefully considered. We must use our ingenuity to develop a national urban policy that will work. State participation in federal urban programs such as the model cities, and housing, I believe is essential. We need to coordinate and make more effective our vast array of manpower, and the States are now involved in setting up regional commissions. Progress has been made, and we must continue to examine the value and future potential of the regional approach to government.

Environment problems grow each day. Greater cooperative effort between Federal and State governments are required to cope with the staggering problems of pollution. We want to take a look at the Federal and State effort that commenced last year in waging an all-out on crime. The Crime Control Act enacted last year was a good beginning, but much remains to be done and heading the list as indicated earlier is our need to give new direction to our Federal Aid System.

We must look toward grants, and we must give equally

serious attention to the fiscal imbalance which exists in the Federal System. The checklist divisions, the problems in need of solution could, therefore, go on and on. So, it occurs to me that as I ponder the questions and the problems facing the Government at all levels, and as I look at the machinery for achieving solutions, I wonder if we are in fact utilizing to the fullest advantage the great machinery built into the Federal System.

Let me say, here and now, not as Chairman of this Conference but as a person of a minority Party--if you want to say it that way--as a Democrat I have great confidence in these men of the President's Cabinet that have gathered here with us this morning.

I believe that all of us working together to find solutions; working together to do what is best for all, I believe we will march forward and I believe that we will make great progress.

Gentlemen, I come now to introduce a man and very frankly I don't know how to introduce him. I could introduce him as a golfer. I asked him this morning if he was following the rules now, because I know that sometimes a Governor will get a little higher handicap than he really deserves. Sometimes he can move the ball around a little bit, and nobody calls his attention to

it. They kind of turn their head. I am not just sure how far a Vice President can go along this line.

But, I am so happy to be able to introduce to you one of the great men that ever sat around this conference table. A great friend of mine; a great friend of many of you. I don't know how I am going to get into the habit of calling him Mr. Vice President, and I would rather have it remain as it was as far as I am concerned when not in public. In public, of course, when we are out in front of somebody I will try to remember to act properly. But, don't be surprised if when we are by ourselves and if I walk up and just say Ted, because that is the way I like it.

I saw this morning in one of the columns in the Washington Post, one of the men said he was trying to change his image. My friend, you don't have to change your image and I hope you never will.

It is my pleasure to introduce the Vice President of the United States, Spiro T. Agnew.

(Applause)

VICE PRESIDENT AGNEW: Buford, that is one of the most heartwarming introductions I have had because it was such a sincere one, and one that touched me very much.

I want you to know it is a real pleasure to begin this

program of the National Governors' Conference in a slightly different capacity and I say slightly different, gentlemen, because much of what I have to do in the Vice Presidency will depend upon how effectively I can work with State and local government.

Buford neglected to say one thing, and that is that he has called me many things a lot unkindier than Ted, generally when I was his partner on the golf course.

The purpose of my being here, I think, primarily in the first instance is to present to you--and I will do this directly--the members of the Cabinet who are present, and who will later discuss with you some of the problems that they face in their respective capacities, and then hear from you hopefully some ideas and prohibitions, if you will, that you'd like to impose upon them.

When I finish introducing the gentlemen of the Cabinet, I will at that point make a few remarks about three subjects that I think are of particular interest to the Governors. In short, what I am saying to you is that we have so much work to compress into today's session but that I will make, as advertised, an address. However, I think the time for addresses ended on election day, and the time for work has arrived, and it is my purpose to work as closely with the Governors as I possibly can.

I am delighted to be assigned this pleasant duty, and I would like to get to know the handful of Governors that I only know superficially from a single introduction at one time or another a lot better.

Now, this will probably be the most pleasant time I will ever spend with you, even though we will have our fun as we move from month to month, conference to conference, and the reason I say that is because you can't criticize me today. I haven't been here long enough to make the mistakes, and the Administration hasn't been in long enough to do the things you don't want to see done.

But, as time progresses I have the fullest confidence in your ability to state your case and to censure any actions that may be taken that you disagree with. Neither am I promising to agree with everything that you propose that we should do, but at least we will have the freedom of discussion.

I am not going to introduce the Cabinet members who are here in order. I think that would be committing a rather unusual procedure, but I am going to pass over George Romney for the moment and introduce the gentleman next to him Secretary of Labor Mr. George P. Schultz.

(Applause)

Just a word about George Schultz. A liberal labor leader once

characterized him as a man of real humility, and that simple eloquent tribute to a man who served as Dean of the University of Chicago's Graduate School of Business, and first met President Nixon when he was a senior staff economist on President Eisenhower's Council of Economic Advisors. That seems to be pretty accurate, to me.

George is an expert on the problems of manpower, automation; the training in the fight against unemployment. He is one of the intellectual heavyweights in the Cabinet, as you will find out when he speaks to you a little later, and I think he is more than a match to the rugged challenges ahead.

The next gentleman I am going to introduce is the gentleman sitting way on the end next to Ray Shafer, and I guess the best thing I could say is neither snow, nor sleet, nor dead of night nor politics can deter him from his appointed route. If anyone doubts his courage he should have sat with me at a very small breakfast at the White House one morning, when Red Blount first informed the President that he had full intentions to go ahead with the idea of removing some of the politics from the Post Office.

He was queried rather sharply about whether it could succeed, and the effects of it, and he stood his ground and convinced the President that this needed to be done no matter how

unpalatable it was, and then later that morning we were at a meeting with the legislative leadership in the Cabinet Room, and I have to tell you this as an aside. It is a little partisan joke. After Red had explained how the politics were going to be taken out of the Post Office, the senior Senator from North Dakota made a statement at this point and he said, "Red what are you going to do if you lock in all these people into these jobs; what are you going to do with these rabid Democrats, these general nuisances in the community?"

(Laughter)

I thought that was revealing of the kind of spirit that our Party needs more of.

The gentleman next to Red is a gentleman that I don't have to introduce to you. He has kindly consented to come and help me with the new Office of Inter-Governmental Relations. A great friend of all of us, the former Governor of South Dakota, Governor Boe.

Next to George Schultz is an Indiana farm boy, a fellow who won a 4-H scholarship to Purdue; a man who embodies the President's new approach to agriculture, a Secretary who will speak for the farmers to the Administration rather than to the farmers for the Administration.

During his tenure as Chancellor of the University of

Nebraska, enrollment increased 400%. He is the editor of the book called "Coming World Hunger". He specializes in agricultural marketing, and has a deep interest in using modern agricultural productivity to combat hunger. Right now, of course, hunger in the United States is a big issue in the Senate.

Hunger here, and everywhere in the world, is a challenge to Cliff Hardin and he is spiritually able and intellectually eager to tackle that.

Now, over on the other side I have got to introduce now one of my very favorite Cabinet members. A man whom I got to know early in the campaign, and to know this man is to respect raw courage in action. He was born in Detroit, put himself through Fordham Law School by playing hockey for the New York Rangers, and if that is not raw courage right there, ultimately to become one of the foremost authorities on state/municipal bonds. He has a rare record in commanding those who would command the nation.

In World War II, he was in charge of PT boats in the Pacific, and former President Kennedy was one of his junior officers. In 1968, he was Richard Nixon's campaign manager, and I mean manager. He ran that campaign. He is tough, lucid and fair; organized and dispassionate, one of the few public officials who speaks with honesty yet with tact, and without appearing to speak out of both sides of his mouth.

If I have one thing to say in tribute to this man, and his record it was what was said to me by one individual in the news media last night who had just completed an interview with him. He said, "If I had to lay my civil rights in one place, and rely on the fact that they'd be there when I got back, I'd give them to John Mitchell."

(Applause)

Now, there are three men here who need no introduction because you work with them, and have seen what they are made of, and you have seen the energy and dedication and forthright exchanges that they would engage in with you.

I am talking about people who have come to the Cabinet from Governorships. Richard Nixon looked more to Governors than any President in modern history, as an indication of his confidence in State Governors, and in the Administration's intention to work with State Governments. So, we have here the three that you know best and the three I am sure that are going to be looking at every problem that comes through their respective agency. From your standpoint, I am talking about George Romney.

(Applause)

Wally Hickel.

(Applause)

And, of course, the fellow that has been really struggling with all

kinds of bugs lately and working the same kind of hours that the Cabinet has been working in spite of it, John Volpe.

(Applause)

I am glad to see you here. The last person I want to introduce is a gentleman whom I have admired afar for quite some time, and that is I have admired his writings, and his opinions, and his innovative way in which he presents those opinions.

The President selected him--he is a member of a distinguished minority group in the Cabinet---he is a Democrat and he selected him because he has the kind of fearless mind, the kind of uncluttered approach, to these terribly self-complicating bureaucratic problems that we need on the Council of Urban Affairs, and I am talking about the distinguished author and gentleman who really, I think, is somewhat bemused by the amount of red tape he has found to stick his fingers in, and throw it around his office, Pat Moynihan.

(Applause)

Is Dr. Burns here with us? I guess not. One last introduction, and I apologize for not making this one earlier but it was overlooked because the Secretary of HEW has been designated by the President to attend the Eshkol funeral, therefore, the Undersecretary was designated to be here at the very last minute.

This gentleman comes from the same State as Bob Finch.

He is the present Undersecretary of Health, Education and Welfare. A man who served as a State Legislator with great distinction, and was much interested and involved in the problems of health, education and welfare in the State of California, John Veneman.

Now, a few words about the three subjects that I wish to discuss with you today. First of all, you may have read that we were getting ready to create and, as a matter of fact, the President by Executive Order has already created an Office of Inter-Governmental Relations. I want to tell you about the structuring of the Office; how it came about; what it is supposed to do, because it will be the vehicle through which the Executive Office works with the Governors.

^{Nils}
~~Mills~~ Boe has been designated as Assistant to the President, and Executive Director of the Office of Inter-Governmental Relations. In this regard, I have been given the responsibility for the overall functioning of the Office. The Office is an attempt to overcome the very subtle differences between governors and mayors that resulted from the fact that in the previous Administration the liaison with the Governors was given to the Office of Emergency Planning, under former Governor Daniel, and before that under Governor Farris Bryant. Whereas the liaison with the mayors of the large cities was given to Vice President Humphrey.

I think, in our informal conversations about this, it

has become known to me that that was highly unsatisfactory with most Governors, because a competitive stance was thereby assured between mayors and governors due to the fact that each was reaching for the Federal Government through a different intermediary, and I recommended to the President that this was something we should not continue. That all inter-Governmental relations should go through the same place and, in fact, that the Office of Emergency Preparedness--even though it had some very important functions that related to contacts with State Governments and local governments in a time of disaster--should not be used as the only vehicle for this interplay of opinion that is so necessary in the proper evolution of federal legislation.

I was also impressed, as I think most of you were, with the fact that most Governors have only superficial connection with the members of Congress and, in fact, that except through the Advisory Commission on Inter-Governmental Relations--which has done a very good job with its limited ability--there has been little value, or little more knowledge, of what legislation is in the stage of production in the Congress that vitally affected the Governors and their budgeting process.

Therefore, I suggested that this new Office be created; that it be called the Office of Inter-Governmental Relations, and that it be assigned the chore of facilitating communication

between the Executive Branch, the new Council on Urban Affairs, which is basically the think tank operation; the policy developing body chaired by the President; the Advisory Commission on Inter-Governmental Relations which is a specific laboratory for the development and the consideration of the effects of legislation under consideration, and ideas from the Governors that need to be put into legislative form--the Governors themselves, the mayors, the country commissioners, county executives and other members of local government and what we envisioned, gentlemen, was that it would not become a place where a State Government, or official, interested in the health area would call on to channel his request to HEW but rather that those contacts would continue to move as previously, but that the Office of Inter-Governmental Relations with Nills and me would become more a trouble stopping place where a Governor was really in trouble trying to sort out his difficulties and he had a hang-up, he would come to us and we'd fight through that specific problem on his level, or on the mayor's level.

In other words, this is sort of an ombudsman's office, if I could use that expression where when you get into a real snag you can come through this Office and we will then go into the agency and try to clear it up.

To assist us we will have detailed to the Office from the agency some of the most capable high level people that enjoy

the full trust and respect of the Secretary, and will be able through their knowledge of the agency to unsnarl, hopefully, the problem you have.

We also intend to function as mediators where you may have troubles with a mayor or county official, and there may be a legitimate dispute that you can't seem to iron out yourself. But, primarily the purpose of this Office of Inter-Governmental Relations is to see that there is only one artery through which the Federal Government is used for State and local government contact, and that you know everything that is coming to the mayor and the mayor knows what is coming to you and, hopefully, you and the mayor will participate in it as a master plan so that each of your interests are adequately protected and, now, we feel that there has been in the past and will still exist in limited cases in the future a lack of responsiveness to the needs of the big urban governments.

It is going away, because most Governors since reapportionment have come to recognize that it is absolutely impossible for them to ignore a constituency as large as one of their principle cities without suffering politically. But, it is a big problem that does still exist and I found when I went down to New Orleans to talk to the mayors after the election that they don't trust me, and they didn't trust me because I was Ted Agnew

but because I was a Governor, and this is a terribly disturbing thing when you consider that many of the mayors of the large cities have a complete distrust of the governors in their states.

We can never effectively work together to solve these tremendous urban problems unless we begin to overcome them. It is my purpose to at least make the effort. I recognize how difficult this problem is. I recognize that it is awfully hard to once the mayor has become used to going directly to the Vice President, and not working through the Governor, to ask him to make sure that the Governor understands and approves of what he is doing wherever possible.

But, this is the objective of the Office and I am sure we will make a lot of changes as we go along. I think we will come to the point where we will find some things workable, and some things are unworkable. But, I would like to leave with you the assurance that I am going to work with you to make this work, and I am going to work with the mayors to make this work, and I am going to try to call the shots as impartially as possible to make certain that everybody gets a fair shake out of it.

The second subject I wanted to discuss with you is one of immediate concern, and one that we have talked about just two days ago in the Urban Affairs Council, and that is the summer youth programs for this year. You will receive a letter from the

Office of Inter-Governmental Relations in the next few days, outlining some of the things that are being done in some States in regard to the summer youth programs.

I don't think there is an area where more good was done last year, but I don't think there was an area where there was more boondoggling and waste last year. I think we must focus in on the things that can be accomplished with this summer money, and there is one and a half million dollars of planning money that should be distributed very shortly to begin the planning for these programs. It is something over five hundred million dollars if you want to assign everything that goes into this summer youth program, and it will ultimately be spent this year.

Commitments have been made by the previous Administration. Mayors have begun to plan. This does not mean, as far as I am concerned, that we should go down the same path. It does mean that we can not forfeit our desire to help these young people, and we can't disappoint them; that we are going to do the productive thing with particular emphasis on the vocational and technical training, and education, in the program and maybe less emphasis on the pure recreational aspects.

This doesn't mean that all recreation will be cut out, but it does mean that the thrust of the program must relate more to permanent benefits than it has. Some of us are thinking very

heavily about the idea of involving the private sector. Governor Romney has made a very interesting proposal to the President in this regard, not just for summer programs, but I don't see why this cannot be utilized in regard to summer programs too.

The need to cope with this summer program promptly, and planning it, becomes more evident every day and as we said in the Urban Affairs Council Meeting the other day one of the contributions that George made in the meeting was to point out, very quickly, that the Governors must be involved in the planning of these summer programs; that they haven't been before. It has been a matter deciding how much money each of the fifty principle cities would get, turning over the money, and leaving it up to the mayor to spend it as he wished. I don't think this is the way to run the program.

A State must perform effectively in this area, and most States I do believe have participated and contributed to the summer youth programs in their cities. I know the State of Maryland, out of emergency funds last year--as Governor Mandel will remember--gave the city \$600,000 to contribute to the money it got from the Federal Government in running the summer youth program.

I think that under the Governor's leadership with possible involvement of the State, and the private community, and

the Federal Government contribution with an overall master plan for effectively spending this money would be of great benefit in the coming summer. I think there is time to do that yet, and I would urge that you get started on it.

The third subject and, incidentally, coming back to the Governors and the summer youth program there is no doubt that there have been legitimate criticisms over the fact that only the cities have been designated as the recipients of this money. That on the periphery of the cities--and I know that St. Louis County has some urban sectors in it--that are just as critically in need of this kind of assistance as the City of St. Louis is, and we have got to take a look at providing this money where the poverty and the need exists rather than just within a city boundary. That is a subject to look to for planning next year.

The last subject I have been asked to bring to your attention by the President. I don't have to tell you how disappointed the President is that his need to go on this European tour to touch bases with our NATO Allies has interfered with his being here to address you today, and his chance to entertain you at the White House tonight. However, I am certain that there will be opportunity to do that within the next couple of years. But, he is terribly concerned about this one subject that I want to mention now and that is the subject on everybody's newspaper page, on every

Governor's mind, and that is the subject of the sweeping disorders on the campuses of the United States, not only at the college level but it is beginning to creep into our high school system where it will be, I assure you, much more difficult to control; much more difficult to weed out.

What can be done about it; how can we bring about a rationality in our dealings with these dissidents that is not a deprivation of academic freedom is a delicate subject, and it is a subject that leaves you as Governors much open to misunderstanding.

I think I separate it in my mind this way. There is no relationship between academic freedom, the freedom to develop a meaningful academic relationship, the ability to express opinions within the system, within the way that does not involve violence or the interference with the rights of others, and the need to maintain order in any community on any land public or private.

There is no academic freedom involved in refusing to allow a dissident to take control of a college campus. There is no academic freedom involved, because this person is flying in the face of an academic principle that has descended to us over the years. He is not listening he is simply disrupting.

I think when we talk about this subject, we must make sure that the listener does not get the idea that there is a desire to send the police in to suppress a dissent, to simply put

it down because we are in disagreement with it. Nobody in this country, that I know of, in recent history has ever tried to suppress lawful dissidence. But, where the law is broken whether it is in the streets or on the college campuses, or in a private home if you will, we have a need and an obligation to put down the breaking of the law to protect our freedoms; the freedom of people to move about within the realm of their own legal desires; freedom of people to say what they want to; to engage in the businesses they want and, if you will, the freedom of a student to go to a college and learn what he goes there to learn without being interfered with by someone who simply wants to get his name in the papers.

Now, so delicate is this subject that the President's letter to Father Hesburgh of Notre Dame, I understand, has provoked an answer directed to me because I was mentioned in the President's letter, and I haven't seen the answer yet. It may be in my office now, but as its contents have been related to me Father Hesburgh has expressed some desire to emphasize that under no circumstances should the Government attempt to go in and dictate academic policy.

Well, I agree with that and the President agrees with that. Let us not get confused about our purposes. Our purposes are to make certain that the usual housekeeping and custodial relationships which make possible the student to exist in an academic

atmosphere with a chance to assimilate some information be continued. That is all we want. We don't want to tell them what to teach, or how to teach it. All we want is to make certain that when that college administration makes its decision it is going to be able to carry it out, without a small minority of people through violent means preventing its implementation.

I am sure this subject will come up in our press conference, Buford, and I think that we should make it completely clear that any attempts to fog this with a curtailment, or attempted abrogation of academic freedom is just not what we are talking about.

I think what you, as Governors, have done in the past years for the help of the academic community, and for financing higher education, speaks full well for your attitude and I think also that many of the people in the universities--the top administrators--are totally sympathetic to the sensitivity of your position. But, they are assailed every day by people who have a great fear of intrusion by the Government into the academic community, and this must be handled delicately. Let us not allow them to confuse our purpose.

I think that covers, gentlemen, the few subjects that I wish to bring to your attention in a stimulative way so that the beginnings of communication between this Administration and the Governors of this country can move forward.

I am delighted to be with you again in this capacity. I'd be delighted to be with this group of men in any capacity. I think much of the hope of this country lies around this table.

At this point, I am going to ask Buford if he will present the gentlemen that I have already introduced to you for presentations in their respective areas. Thank you very much.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Vice President. I am going to ask our speakers this morning, even though our time is very limited, that when they finish their remarks they remain at the podium for any comments or questions from you.

I fully realize that the first speaker has to catch a plane in just a little while, and possibly won't be able to remain too long. But, I am very happy to present to you the immediate past Chairman of this Conference, a very good friend of all you gentlemen here, the Secretary of Transportation John A. Volpe.

(Applause)

SECRETARY VOLPE: Thank you very much, Mr. Chairman; Mr. Vice President, my colleagues in the Cabinet, and my former colleagues, ladies and gentlemen. I kind of feel this morning, and I am sure probably that Ted and George Romney, and Walter Hickel feel the same, that this is like attending the first reunion of the old graduates, you know, getting together for the

first time after graduation, and I can tell you it feels awfully good and we are just delighted--I am sure--to join you this morning in this first meeting at which we are participating as Cabinet members, as distinguished from our former roles as Governors although if you think you had it hard, or you have it hard, at the Governors' level--and I know how hard it was--but down here for the first month without any Undersecretary, or Assistant Secretary, and working 18, 20, 24 hours a day which most of us have done, you would probably have to do what I am going to do and that is leave in about half, three-quarters, of an hour and try to get relieved of a bursitis condition--lower back condition--that all developed because apparently I had abused my body, and if it wasn't for the treatment I had at 7:00 o'clock this morning I probably wouldn't be here now.

But, I have stayed over these past couple of days because I just couldn't miss the opportunity of being with all of you this morning.

I want to say that our Department, of course, is very new. It has hardly learned to walk. It is only two years old, and has a long way to go. But it does present, possibly, more challenges and more opportunities than perhaps might be available in almost any other sphere of the Federal Government.

Very,very, briefly may I just perhaps run down the

organizational structure, and some of the people we have chosen to head those various organizations, so that you will know what we have and who we have working for us. We are very proud to have them on our team, and you might have a request or two to make of them from time to time.

First of all, we were very, very, fortunate to get as our Undersecretary of Transportation, a former Associate Administrator of NASA, Jim Beggs. A man who was at the Westinghouse Corporation for fifteen years, and is a tremendous manager.

As Deputy Undersecretary of Transportation, we were able to get the Vice President and Director of Transportation of Harbridge House, a consulting firm of great renown, Charles Baker.

And one whom I never dreamed I could get to serve with me in a full time capacity, but whom I thought I could get in a consultant capacity perhaps from time to time, I was able to get the man who holds the Transportation Chair at a little Institution called Harvard, in Massachusetts, Paul Cherengton as Assistant Secretary for Policy and International Affairs.

As our Assistant Secretary for Research and Technology, I think we have been able to get one of the most brilliant minds in our nation, very well versed in all phases of transportation, Secor Browne who just happened to also come from another little

Institution you may have heard of in Massachusetts by the name of MIT.

We have another Assistant Secretary, and this is a new Assistant Secretaryship, and was formed because of the great emphasis which--as the Vice President has indicated to you--that President Nixon is placing in this Administration and that is the problem of urban affairs.

Because we have several modes of transportation within other Departments, there was no Assistant Secretary that really worked at the job of making sure that these various modes of transportation pulled together, and really tried to iron out differences. We were able to, as a result of combining functions to provide an Assistant Secretaryship for Urban Systems and Environment, which indicates our great interest in solving and bringing together some of those problems which, in the past, have perhaps too frequently been overlooked and we are very fortunate to get James Branen of Seattle, Washington, to come as Assistant Secretary in that capacity. And we have one other Assistant Secretary for Public Affairs.

Now, we have six Administrators in our Department. I suppose that it would not be unusual for me to name the Federal Highway Administration first. I sometimes try to take over that highway hat, but it is pretty difficult at times. But, we hav

been very happy to have been able to name to the post of Federal Highway Administrator a career man for 20 years, a man who served as my Chief Engineer when I was the Federal Highway Administrator back in 1956, and did a great job, Frank Turner whom I am sure many of you know.

I think you will also be very happy to know that-- and I can't pronounce his name today--that we have a Director of the Bureau of Public Roads. We are trying to get some fresh blood from outside, and we have a former state highway official whom I am sure all of your state highway officials will recognize, and I am sure will applaud the selection of, and he will be the Director of the Bureau of Public Roads.

We are also reestablishing something which I am afraid, during recent years, has been lost and that is the great Federal/State partnership that existed between the State Highway Departments and the Bureau of Public Roads. I am sure we are going to reestablish that with this combination of a career man as Federal Highway Administrator, and a career former state highway official as Director of the Bureau of Public Roads.

The Federal Aviation Administration is something which I have spent a great deal of time on, and which presents many problems. We are very fortunate to get a former West Point graduate, Air Force, and Vice President of TRW Incorporated,

Jack Shaffer of Cleveland who, I am sure, will help to solve many of the great problems we have there, and we look for great things.

In the Federal Railroad Administration, we were able to get Reg Whitman, General Manager of the Great Northern Railway. A man of innovation and I am sure he will be able to do a great job there.

In the Urban Mass Transportation Administration, which is going to be extremely important particularly to those Governors that have large metropolitan areas, we were able to get a man who I think has more vision, and more imagination, perhaps not of transit matters as such but perhaps that will be a plus, because he will not think in terms of the same system that was built in Boston--the first subway system--some fifty years ago.

I think most of you will agree that the subways, and rapid transit systems we are building today, are not greatly different than what was built in Boston fifty years ago. The stations are a little more sleek, a little prettier, but basically it is the same system we had 40-50 years ago.

With all the advances we have made in this technology, it is about time we designed something that was just a little bit better; something that perhaps rides on air, and air cushion, or

some other type of vehicle that will transport people more efficiently and more smoothly, and more rapidly, than our present rapid transit systems. To head this as Administrator, we have Carlos C. Villarreal.

Fortunately, I don't have to worry about Admiral Willard Smith, who is doing a great job with regard to the St. Lawrence Seaway, and I am sure this is very important particularly to those Governors with States that surround the Great Lakes.

We were given the assignment by the President, and this is something I have thought about a great deal long before I even thought of taking on this assignment, and that is that I think we have got to develop once and for all a national transportation policy for these United States that will provide a balanced, integrated, coordinated, transportation system using all the modes efficiently and wisely, and there should be--

(Applause)

--and there should be no competition. There is no reason why the airlines should squawk just because we do a better job with high speed ground rail transportation, or why the busses should feel that we are doing a better job with the railroads or with the airways.

In my humble opinion, in the next decade or two we will be able to use every mode of transportation to the very best of

their design, and their capacity that they can fulfill, and still perhaps not have enough capacity to do the job that will be needed done in order to keep pace with the explosion in both the population and our economy.

Therefore, we will be working at this objective of developing a national transportation policy which the President said he didn't want the day after tomorrow, but we will have it in the months ahead and we will certainly do everything we can to bring that about quickly.

President Nixon visited our Department as he has every Department in Washington, every one of the Cabinet members, and he is thinking in terms--as we are--that we shouldn't go from one crisis to another. Face up to an aviation crisis only because that developed, and then go to a crisis in highways when that develops. He wants us to look down the road ten years, twenty years; where we are going to be at that time. What do we want by way of a system, and use perhaps some of the same imagination and foresight that was required in 1956 when the Federal Highway Act was passed. It was funded for an eighteen year period, so that ultimately each State would be able to complete an interstate highway system with the trust funds that would be there to do the job.

By the way, I want to assure you that insofar as it is

within my power there will be no more stops and starts in the highway program. We will build a program--

(Applause)

--that is designed to run. We know, also, that you are interested in the dual highway hearings. I won't say too much about that except to say that my predecessor just a day or two before I came into office issued a ruling--very unfortunately for all of us--and as you know I testified on behalf of the National Governors' Conference as your Chairman as to your opposition, and it was modified considerably and as it stands today it is nowhere near as objectionable as it was then, even though it had previously been reviewed with your state highway officials, as well as with others, and if there are further modifications that need to be made that will allow the highway system to proceed even more rapidly, and with the citizen participation that you and I know must also take place, certainly we will do that.

In the highway field, we have the Equal Opportunity Act which Virginia signed just this past week, or early this week, so that all fifty States have now signed, and we certainly can assure you that we will try to carry that assignment out fairly and squarely.

On pre-qualification, there are still problems and we are trying to work those out so that the States will be able to

proceed without the kind of red tape that has developed in the present setup as it now stands.

In aviation, of course, we have problems galore. I could spend the entire morning trying to give you a few of the problems. I won't do that except to say that one decision I have to make concerns the SST supersonic transport. I have the assignment of recommending to the President, in the next five or six weeks, as to whether or not he should recommend to the Congress the appropriation of some three to six hundred million dollars which was not provided for in the previous budget, and it is a great weight on our shoulders.

But, with the help of a great many fine people we will get an answer--the best answer we can for that.

As to mass transit and the railroads, let me tell you that we are going to try some interesting innovations using some imagination. This is an area that needs to be pushed. We can't do the job with highways alone. If anybody has looked at the picture of the transportation particularly around urban areas you know, and I know, that highways alone are not doing the job.

Governor Reagan knows, I am sure, that in California even with twelve lane highways you still can't get the people into and out of the metropolitan areas without some form of mass transportation. That is why we hope that through research and

technology we will be able to develop systems that will be not only efficient, but we trust also less expensive than some of those presently available.

We will be working very hard in trying to find the kind of funds that are necessary for that operation, because without the kind of funding that took care of the inter-state highway system, and with the ups and downs in appropriations in the Congress, it could be fifteen years before we ever got to the place where we might be able to find ourselves going in the right direction.

Two last things, we are working in the national highway safety field. I know many of you Governors have worked very hard at highway safety. I know Governor Romney and myself worked together in a joint program, the Massachusetts/Michigan program, and let me urge each and every one of you to do the job as well as you can at the State level. Because, if you don't do it at the State level the same thing happens that usually happens the Federal Government will do it for you.

I, personally, hope the States will do the job themselves insofar as humanly possible because I think it can be done just as well there, if not better, without the other layer on top of the State action.

We have an insurance study which is just starting. It is

a very serious problem. We hope that we will be able to get that one moving so that some of you Governors who have been plagued with it for three or four years can get some action, and I hope that we can get that done; because of the fact that we have spent so much time getting men of high caliber in our organization, many of them research oriented, some people may think that we have assembled a think tank in the Department of Transportation.

But, let me tell you we are also going to be doers. We don't expect that we will be able to move people and goods quite as fast as NASA has moved Apollo 8 around the moon, but let me tell you we hope to move people and goods on Earth here a great deal more expeditiously, and more efficiently, than has been done in the past.

With your help, and with your encouragement, we can do this and let me tell you this a two way street. If there is anything that we can do here in Washington that would be helpful to you, anything you want to know, Dave Hays who was my liaison with the State Governors while I was the Governor has come to Washington with me, and will serve as liaison with the State Governors and he can be called upon at any time he is available, of course, after one hundred Senators and 435 Congressmen and a few others try to reach us. But, certainly, I think anything we can

do to be helpful we certainly will, and due to the pressure to leave to get to the airport I will not be able to answer any questions you might have, otherwise I will have to break the speed laws. Thank you very much.

(Applause)

GOVERNOR ELLINGTON: I don't think it is necessary for him to stay, because he anticipated your questions and he answered them. John, thank you very much.

Our next speaker is still another great friend, the Secretary of Housing and Urban Development, the Honorable George Romney.

(Applause)

SECRETARY ROMNEY: Thank you very much; fellow Governors, and fellow bureaucrats, I appreciate this opportunity and I just want to start out by saying I want to make a few general observations. Number one is that the programs that have come across my desk give me the increasing impression as to the extent we are building up a duplicate organization, at least in the HUD, to do what you ought to be doing at the State level. We are really building up an organization to undertake to evaluate what we ought to do with respect to all the communities throughout the country, and it just doesn't make sense.

Now, two, we can't make our programs as flexible and as

simple as they can be made without your help and the help of your staffs. If I had to read all of the statutes, and regulations, and policy letters that have been issued in just three years by this one Department, it would take me over a year to do it.

Now, you have staff people who are thoroughly acquainted with the problems and frustrations which you have. We had a good meeting in our Department yesterday with your staff people, and I asked your staff people to give us their recommendations as to how we can improve our programs as they relate to your ability to do a job in the States.

Now, the third observation is this that we are the point, in my opinion, where we can see a real breakthrough in State leadership. I think this is desired by--I know it is desired by this Administration. I know it is desired by the general public.

Mention has been made of the attitude of the cities. I think this is a mixed attitude. In the case of the big cities, I think we do have to regain their confidence and trust, as the Vice President has indicated. However, in the case of smaller communities and towns they feel they have been left out pretty much of this direct Federal/State relationship. That preferential treatment has been given to the big cities. So, there is a mixed situation as far as the cities are concerned. But, I believe

their States, and never more than two or three . This means that most cities and communities are left outside of the model cities program, and the third is that the citizen participation effort has been handled in a way that has tended, in many cases, to create division and conflict here rather than the cooperation that we need in terms of the citizen and his voluntary participation in the development of these programs and, in my opinion, if we are going to deal effectively with the model cities program, and use it for its full potential, it is going to be necessary for other States to do what only a few States have done, and only a few states have undertaken to create a model cities organization to work with their communities in developing these model cities programs.

Now, as far as I am concerned, I'd like to encourage the States to become involved in this model cities program. I'd like them to be a partner with HUD, and the other agencies, in this model cities program and I am quite prepared to do what we can from an administrative standpoint, as well as from a statutory standpoint, and a money standpoint, to help bring this about and if it needs changes in the Federal Statutes I am prepared to work in that direction and help bring it about.

In my opinion, this model cities program has the greatest potential for moving these many federal programs from their

complexity in terms of the number of applications that have to be made, and into a simplified single application. Because that is what the model cities program does. It enables a community to make a single application to all of the departments in that program that affect that community, or city. This can be met, but that is another area we ought to deal with.

But, the other thing that it does is this. It is the quickest way, in my opinion, to move to a block grant approach concept. We have got to understand it better at the federal level, because I want to be perfectly frank with you it is not fully understood by the federal departments. It is a relatively new program but, in my opinion, it is the quickest way to move to a block grant approach without additional federal legislation, and I think we ought to look hard at the model cities program from the standpoint of accomplishing a lot of things that we have been bellyaching about for a long time.

Now, the third program I want to mention where I think we can do a better job jointly, and where we can only do a better job with your help is in the housing field. The Congress has declared in the 1969 Housing Act that we have a need for twenty-six million homes betwnn now and--additional homes--between now and 1978. Six million of these to be for low income and moderate income families. There isn't any question about this need, but this

need is never going to be met unless we can change the ground rules that are currently crippling this program, and certain of these ground rules can only be changed with your help.. Zoning, building codes, landlord/tenant relationships, and build trades practices; these can only be changed with your help.

Now, in addition, we badly need State housing authorities. We are in a position to work with you on State housing authorities, and give you financial and other assistance, and if you really want to know what a State can do in this field of housing get a copy of John Gardner's Urban Coalition Pamphlet on what the States can do in the housing field. It is an excellent document. It spells it out in detail.

One concluding comment on housing, if you want to demonstrate before your next election in a convincing way that you have really made progress in dealing with urban problems, then get after the acceleration of the housing programs in your State. There is no more convincing or tangible way to demonstrate that you are making real progress in dealing with urban problems.

I had Whitney Young in to see me day before yesterday, and he said that after a life time of study in the inner city problems that housing is the number one priority in terms of dealing with inner city problems, and he goes on to relate that to the family life and other things of a social character. We

must make a breakthrough in the housing field. We have got to have your help.

One other aspect to it is the best way to create new jobs for inner city people, and rural areas, as well as small towns. The best way to provide new enterprise opportunities for people who haven't had an opportunity to get involved and get a stake in the economy, and in the balance of this century the rebuilding of cities, and rural areas, is the best way to stimulate further economic growth. Just like the railroads did in the last century, and then the agriculture land grant colleges and resulting technology, and then the automobile and the highways.

Now, our sophisticated industries are based on electronics and nuclear power, and so forth. But, the biggest single stimulant for economic advance and human betterment from an economic standpoint for the balance of the century is to make a breakthrough in housing, in the housing area and the thing that is blocking it primarily is archaic and obsolete ground rules that the States have got to help to change, that are preventing us from applying modern management and modern technology to housing.

It is just that simple, if we can make the breakthrough, but it has got to be done on a cooperative basis. Now, these are three programs that I know we can increase our opportunities to provide real leadership, and I believe these are three programs

that if you handle them properly you can rebuild trust, and confidence within the big cities and you can help the smaller communities to overcome this feeling that we are only interested in the big cities, and we are giving them preferential treatment.

Now, one final comment. The President in his campaign and in his inaugural address said two things that I'd like to focus your attention on.

He said, number one, "America is great not because of what the Government has done for the people, but what the people have done for themselves." And, the second thing he said was that we are at the point--the other he made was that, and I guess I have read the wrong thing--I want to state it accurately because this is right down your alley. "We have about reached the limit of what Government alone can do," and anyone who has been in public office as long as you have realizes that we have about reached the limit of what Government alone can do, and the result is that this Administration is committed to working effectively with the States and local units of government; with our private institutions and the people themselves in stimulating the role to be played by the people themselves, and the private institutions.

The President has asked me to help stimulate these programs of voluntary action, and self help. As the Vice President has indicated, we have already approved through the Urban Affairs

Council a program in principle to do this. That will be announced shortly.

I do not believe that we can deal with our mounting human and social problems without strengthening what the people, themselves, are willing to do individually, and cooperatively, and here again we have got to have your help to do it. Thank you very much.

(Applause)

GOVERNOR ELLINGTON: The time is limited, but are there any questions or statements? If not, we are very happy to have in the absence of Secretary Finch--the reason for which the Vice President mentioned to you--Secretary John Veneman of HEW.

(Applause)

SECRETARY VENEMAN: One thing you need in this business is to be prepared for everything. Secretary Finch received a call at 7:30 last night to represent the President at Prime Minister Eshkol's funeral and was on the plane by midnight, and he asked that I express his regrets that he could not be with you today, and to express his appreciation that he was able to attend the Human Resources Committee meeting yesterday so it wasn't a total loss for not having been able to have a dialogue with the Secretary.

I'd like to introduce one of the members of Secretary

Finch's staff, Assistant Secretary Pat Hitt who is the person that will probably have the closest relations with the Governors as Assistant Secretary for Field Services and Community Planning. Pat, will you please stand.

(Applause)

Pat is not only very capable and efficient, but is going to be a very pleasant person in dealing with you.

During the past few weeks, we took a somewhat different approach in reviewing the programs in Health, Education and Welfare and completed those reviews over the weekend, and there is one thing that became very apparent to all of us. Forty-five were involved, and that is that we do need to strengthen the Federal/State relations that we presently have going.

We have the responsibility, and we are in the business of, providing services--human services--for the people of the nation. I can assure you that it cannot be done in Washington, or in the regional offices. It is going to have to be done with the cooperation of all of you. I might just add, Governor Reagan, as I reviewed the budget and finally realized what health, education and welfare totally encompassed I was tempted at times to ask you to take me back to the Legislature. But, we have to carry on from here, but I do miss the activity out there.

I'd like to make two or three points that the Secretary

asked me to allude to with regard to some of the problems, and some of the areas which we will have to ask your assistance. Secretary Hardin has referred to the problem of hunger and malnutrition. A short statement has been conveyed to this Conference on the problems of hunger and malnutrition. We have the responsibility in this area, and a rather intensified effort has been ordered to look at these problems in attempting to find better methods to work with the other governmental departments, both State and local, and the solution to this problem that is facing the nation is one that is of paramount interest to the Congress at the present time.

The Secretary also sent to this Conference a full report of the National Nutritional Survey for distribution to all of you. We are collectively trying to establish priorities in looking into the problems of nutrition, and the Secretary certainly does solicit your suggestions in attempting to distribute the food; attempting to provide the programs necessary for this segment of our society.

Another problem that we have before us right now, and this morning Pat Moynihan and I had breakfast and we were discussing the Head Start Program which I think most of you realize was given to the Department of Health, Education and Welfare from the Office of Economic Opportunity. We would like to have your consultation

as we look into the total area of providing programs for the youth of this nation in the formative years, in the first five years, and I think this is the direction and the overall concept that the President would like us to look into as we look at Head Start as one piece of a major problem as it relates to the youth.

Vice President Agnew made some very timely remarks regarding the dissension that we have on the campuses of our colleges of this nation. Certainly Governor Reagan is fully aware of these problems.

I think that most of you know that there is a White House Conference on Youth. It is scheduled to be held in 1970. We all recognize that these problems essentially exist, but I think we also have the responsibility to attempt to determine the cause. The Secretary would hope that we can design this White House Conference around youth so that it will clearly deal with the adolescent age which is vital to the welfare of the country at this time, and we would also suggest that you as Governors can best collectively devote some of your energies this summer toward convening groups of young people really those in the disadvantaged areas, in the urban and inner city areas, and some on the troubled campuses, and ask them to recommend to us the content of the White House Conference.

We also, I believe, need a device to bridge the generation

gap that exists and perhaps the collective efforts of preparing for the Conference, and the Conference itself, could be such a device.

Secretary Romney has referred to the model cities program. Secretary Finch has a major responsibility in the field of health and welfare and providing the funds and allocation of money through this Department to the model cities program, and I think it was very effectively stated by Secretary Romney that it isn't going to work without the help of the States and the local governments, and as we provide the social services that go along with the model cities program it is very essential that we all work together in providing for the health and the education, and the welfare, the collective resources that are necessary in this area.

There has been some discussion on block grants. It is something that we do not have the answer to at the present time, but I think--I don't think that we can totally discharge the fact that we have a problem; in the field of education alone, ten years ago the Federal Government was providing for about five categories of aid programs in education. In 1968, we have 83 categories. We have the total problem, we know what we are faced with, but we don't have the total solution and the Secretary would very much like to have your thoughts and solicit your reactions to what to do

in this area.

Yesterday, I believe the area of major concern to us and to you was well discussed in your Human Resources Committee; what we are doing in the field of welfare, Medicare, Medicaid and the issues of course are complex. The immediate problem relates to the needy families with dependent children.

The Secretary has asked me to chair an in-house task force to look at the comprehensive areas of health and welfare. We hope that this group would be prepared to report within the month, and again we would solicit your interest and support in the meantime.

I think this highlights some of the major problems where we need your cooperation. There are many, many, more but I think with your help we can perform this basic function that we have which is to provide services to the people, and if we don't do it we are letting the people of this nation down, and I can only assure you that judging from the groups that have made contact with us in these brief weeks that lots of people in this country are depending on us.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Verner.

GOVERNOR CALVIN L. RAMPTON: Most of us have legislatures in session now and those of us that have 60-day sessions--and I

assume that would be more than a majority--we are not in the last third, and in order to form our State programs particularly appropriations we have to know with reasonable certainty what we are going to have available in the way of federal grants, particularly in your field.

Now, I think most of the Governors have done as I did. We have taken the Johnson budget as the best thing we have, and attempted to frame our State appropriations for matching funds around that.

You say that over the weekend, last weekend, you reviewed the budget figures and you must have come to some conclusion. If those figures could be made public before this coming weekend, it would help us in the last days of our legislature to make whatever adjustments are necessary to the State appropriations.

SECRETARY VINEMAN: These figures I am sure are not the ones you really want. The budget review that was done by the Department, Governor, was the one that was done for the Bureau of the Budget. That letter has gone to Mr. Mayo. I think I can say with some assurance that there would not be probably too many changes in the grant program. But, we cannot have an official decision on that until the budget has been made, and recommendations have been made, and so forth.

GOVERNOR RAMPTON: Is there any indication when that

review will be made by the Bureau of the Budget and the figures made public?

SECRETARY VENEMAN: The Vice President indicated that the BOB will be here this afternoon.

GOVERNOR ^{DAVID} FRANCIS CARGO: I'd like to ask a question. All the States involved in this program, virtually all of them, are having problems. Do you have any plans to restructure this program either by way of a change in the law, or by way of changes in the regulations?

SECRETARY VENEMAN: Which program?

GOVERNOR CARGO: This is with regard to Title 19.

SECRETARY VENEMAN: Nothing specific has been outlined for solutions to the rising cost. This will be incorporated in the report that I would hope to have done by the middle of this month. I can indicate to you that on the basis of conversations that I have had with certain members of Congress that they share the concern that the States have. There is legislation being considered on the Hill, initiated on the Hill. Now, whether or not the Department of Health, Education and Welfare will accept their proposals, or support their proposals, we don't know until we see them in final form.

We will attempt in some way to provide for some limitations on the cost. We are also looking into the possibility

and have had various conversations, on the possibility of moving into the pre-paid concept. But, we can't offer you much this year but we are looking at it.

GOVERNOR DANIEL J. EVANS: Mr. Secretary, you mentioned that you need our help and I think maybe the reverse is really true. I think we need your help, and we need it right now. I think I speak for every Governor when I say that the costs of public assistance, and particularly the cost of aid to dependent children and Medicare, are dragging us toward bankruptcy.

Every State in the Union has faced, at almost every legislative session for the past decade, the need to raise taxes. In contrast to the Federal Government, we have faced this constantly and I think we have done really more than our share in combating the rising cost of State and local government in this field, and I think there are two areas particularly that we do need help and would hope that the Administration will intervene on our behalf with Congress.

The AFDC freeze; that freeze has been delayed but still hangs over our head and that makes it almost impossible for us to plan. Some States will be treated differently than others if this freeze is ever allowed to go into effect. Some States had a very rapid rise in the rate of aid to dependent children before January 1st, 1968, and will get by reasonably well if the freeze is

implemented.

We, on the other hand, kept the AFDC case load down in every way we could and finally the dam broke after January 1st, 1968, and our case load has skyrocketed since that time. We would be badly hurt in comparison with other States if that is ever allowed to go into effect, and I think we need help to repeal that Act or drastically change it and not just continue to delay it.

The same thing is true as Governor Cargo mentioned in the field of Medicare, and I would make the plea that for heaven's sake give the States some flexibility so that we can work with, and deal with, and negotiate with, our hospitals as we have with all our other healthcare vendors and I think we can not only do the job and provide the necessary health care, but do it a heck of a lot cheaper than we are being forced to do it right now.

SECRETARY VENEMAN: Governor, let me respond to the first part first. I think the Secretary is inclined to support your position to repeal the freeze. The freeze was a congressional reaction to the rising costs. They reacted in a way that is not an effective welfare cost control mechanism, and I think Congress itself recognizes that by granting the extension, and I think many members of Congress are looking for a better out, and a

better answer, and as I say it is not an effective control and it treats the States differently and unfairly, and it treats people differently and unfairly, by just putting on a quota. So, I think that probably the position will be to ask for repeal.

However, this decision has not been fully made yet. In regard to hospital costs, I would appreciate any suggestion that you may have with regard to putting on some limitation, and putting in the kind of flexibility that you are talking about, because this is an area that we are concerned about too.

GOVERNOR EVANS: You will have them promptly.

GOVERNOR MILLS E. GODWIN, JR.: I have a question particularly in connection with public education as to what constitutes, or what choice, is acceptable under any reasonable standard that HEW will accept.

SECRETARY VENEMAN: Actually, Governor, I think that the limitations of HEW in regard to the free choice issue is one that is established by the courts. Secretary Finch has little choice but to comply with the law that has been adopted, and the statutes, and comply with the interpretation that has been laid down by the courts.

But, I think there have been situations where I am quite sure the free choice has been acceptable and where it has provided for more integration, and these would be on a case by case

situation where you have to look at specific circumstances, and the history exists now. We have certainly devoted probably two and a half or three years to this very subject, and I can assure you that we are sympathetic with the problems that exist in some areas, but we are bound by certain decisions.

GOVERNOR GODWIN: I understand the decisions, but what I am trying to get at is the policy of HEW with regard to free choice, what is acceptable if you have free choice.

SECRETARY VENEMAN: There are certain provisions under the law, and I am not going to attempt to interpret for the courts.

GOVERNOR GODWIN: A few days ago, one of the coordinators in HEW indicated that for higher education it would be necessary for some weak courses to be offered for students in some of our white colleges, and for some of the stronger courses to be offered at some of the negro institutions. Is this a policy of HEW in a particular field?

SECRETARY VENEMAN: I would not say that is HEW policy, Governor. I am not familiar with the person that you refer to who made that statement. I do not accept his statement, this is not Department policy. I think the whole intent, the whole area that we are talking about is to provide people education. This is the direction I think we should work.

GOVERNOR ELLINGTON: Thank you.

GOVERNOR ROBERT W. SCOTT: One question, one point, recently in North Carolina we find a mood in the school system toward separatism, and we have had a couple of instances where we had planned for school integration and it has not been accepted. It was agreed to by HEW, and the local school board, but it has not been agreed to by the people of both races--both the negro and white--and we find this developing in our State now. So, getting back to the free choice system this is the thing that we find both negro and white are concerned with. Always have been for that matter.

GOVERNOR ELLINGTON: Thank you, Governor Scott. I have been asked to announce for those of you who were going to Cape Kennedy tomorrow that the Apollo shot has been postponed until Monday, so you have no excuse not to get back home and go to work.

It is my pleasure to introduce to you the Secretary of Labor, the Honorable George Schultz. (Applause)

SECRETARY SCHULTZ: I might say with regard to the announcement about the space shot, that it had to do with the health of the crew and was postponed because of this and next Monday they will be all well again.

But, let me just start by indicating to you the kind of outfit that I hope we can run in the Department of Labor by using four words that are not original ones with me but I hope

that you would be willing to use them in describing us as time goes on when we deal together and I hope it will be an open Department dealing with you on that basis as we obviously are here in the Governors' Conference.

I hope it will be a direct Department. I might say that I have had some discussions with various Governors. I spent an hour with Governor Rhodes yesterday, and I found he is a very direct man and I hope that we can live up to that theme. I might say that the Postmaster General is not the only man who can be blunt. No? I will never use that again, Red.

I hope we will be a professional Department willing to take a hard look at the reality we are dealing with. Look at it objectively and try to understand it thoroughly, and move ahead on the basis of that kind of assessment.

I hope, also, you will be able to say that we are a listening Department, and that we do want to sit down with you and not just be there and really listen and try to understand what it is you are saying, and what the implications are for what we are doing.

Now, I have done a lot of this yesterday with Governor Rhodes, as I mentioned. I listened to my own Governor, and I listened to my college classmate, Dewey Bartlett, on the subject of Federal/State relationships, and had the privilege of hearing

the discussion at your Committee on Human Resources yesterday under the Chairmanship of Governor Nelson Rockefeller, and in addition I have seen the results of your responses to the questionnaire as mentioned earlier, and I noticed the things that you have asked me to talk about, and I have tried to listen to that, and I must say your notion of what should be top priority with me does really hit the mark.

As I understand it, you have asked me to discuss de-categorization--I can hardly pronounce the word. I guess that is what the Vice President had in mind when he said I was an intellectual heavyweight, the coordination across the departments of the Federal Government particularly in the manpower and training area, and the organizational problems within the Department of Labor--that group of things--and then you have asked me to comment some about the subject of organizational help, and I will try to hit those two main topics here.

First of all, in the manpower area, it seems to me that the primary thing to do right at the start is get our own house in order. As we look at the Department of Labor, and the way it is organized, and what has been happening to it here recently; the various plans that have been tried and misfired, we have found ourselves with quite a chaotic situation, and before we coordinate with anybody, before we could really serve the States effectively

and work with you we have to get our own house in order.

Now one thing we do is to try to see what the manpower administration of the Department looked like, and we got up a chart and I know you can't see it but you can see that there are a lot of lines on it. My Assistant Secretary of Manpower, Arnold Weber, says that it looks like the wiring diagram for a perpetual motion machine and, as we know, machines of that kind run forever but they seldom go anywhere. So, we are trying to give it more a sense of strategy and greater sense of direction.

The present organization I think is intolerable. There is too much staff; it is too thinly spread, acting too often at cross purposes and through too many agencies. It is just impossible to criticize it enough. I think this is true at the Washington level, I am speaking only of the Federal Establishment here. But, it is also true at the regional level where you have the same set of problems; a cross relationship exists there.

The result is that important groups, when you get right down to the operations and delivery of programs to individuals, important groups such as the Employment Services don't have the authority to carry out the function which they ultimately become responsible for, and State and other groups we find must deal with the maze of federal agencies with program often competing with each other.

We want to simplify this by grouping the employment and training work together. Doing that both at the Washington level and at the regional level. We want to eliminate staff duplication in this process of bringing the units together, and we want to arrange these staff resources so that they are closer to the field, closer to you.

The proportion, when you look at the manpower for running the manpower administration in many of these agencies, and you look at what the proportion is in Washington, and what proportion there is in the regional area, it is really pretty startling to find that two-thirds of the Bureau is in Washington. So, I think if we are going to serve the States, and the communities, we should have a greater proportion of the people working on it out somewhere near where they are.

There has been a lot of discussion about one stop service in the particular community for the individual worker. We want to create a one stop service for the States, as they try to deal with their federal partners in this manpower area. We want to have something that is more understandable and more reachable for you both at the regional and Washington level.

Now, we have had a lot of discussion and a lot of consultation with the State Governors; people in the Executive Branch and members of Congress. I had the privilege of an earlier

discussion with Governor Rockefeller, and they did put forward in the Human Resources Committee yesterday a plan for improving this organizational arrangement, and those have been put in the mail to you yesterday as a proposal, and we earnestly solicit your reaction to it because we know that it is a plan on the federal side to help us decide on our own organization, it really isn't going to work well unless we can have it work well with you, so we do want a reaction on it.

Well, that is so much for the organizational side. In some ways, more to the point I think, is the matter of administration. We do want to work with the Governors, and in some ways I think we find the groups that are sponsored by federal funds, but employed by the States, manage to get themselves floating out in the middle of nowhere and nobody really has much of a grip on them, and so what I am saying to you is we want to work with those agencies but work through you, and to help us along toward that end in the Department of Labor we have given that particular responsibility to the Deputy Undersecretary for direct liaison with the Governors, and I asked him to come along here today and I want to give you his name, and let you get a look at him, because we have said to him your primary responsibility is going to be to look after the relationships of the Department of Labor with the Governors, and that will be a matter of top priority.

He is Millard Cass.

On the problem of de-categorization, I am sure on the coordinating side that it is crucial to pull the work of the Federal Departments together on a more rational basis, and I think that the reorganization of the Labor Department will help in that. With this maze on the chart that I held up, it is very difficult to know how you can cooperate with anybody. You can't get control of your own shop and get it to cooperate. So, I think that part of it should help. The Council on Urban Affairs that the President has established should help in this, and with the determination of the Secretaries involved I can assure you that we are determined to do this cooperatively, and your explicit criticisms even though sometimes they hurt, but nevertheless if they are explicit and in detail and show what has happened, and the problems caused, that can help too and if you write those down and send them in we have got a case, so to speak, to work with and that is most helpful.

On the de-categorization, in the manpower area, as you know there is a statutory consideration that involves working with the Congress. However, I think that can be done within the framework that we have.

In the Economic Opportunity Act, there are the Title I funds amounting to about three-quarters of a billion dollars in the

manpower area, but they are not entirely flexible by any means. Nevertheless in the legislation there is room for flexibility among the programs according to some plan that we may develop.

In the most recent amendment to the MTVA^D, we have Section 301 giving the States the final authority on 20% of the funds apportioned to them under Title II, and we want to pledge that to you that we want to administer this in good faith, and we hope that you will take advantage of it because it does give a form of de-categorization and form of control to the States.

Then, in addition, with the MTVA amendment there is a new Title V. This is the provision for a 75%/25% matching to correct imbalances in these program categories as seen from the States' vantage point in the budget review process.

As Secretary Veneman was describing, we have been trying to get into these things. In the Labor Department, we found that this Title V box in the budget was there in the 1970 proposed budget but it didn't have any money in it, and one of the things that we are trying to do within the framework of a very tight arrangement is to recalculate somewhere and get some money in the Title V box, because we think it is something that can do a great deal toward the de-categorization type of problem.

We won't get enough money there, but I can describe it as earnest money, and I can assure you that we are in earnest about

making that Title work.

Now, turning to safety, I will make three quick points. Just three quick points, and say that I stand here with the feeling that I haven't any definite program and answers on the safety question. But, the first point would be that there is a real problem here.

As you look at it, after some three decades of improvement in the safety area in this country we see the problem has been getting worse in the last approximately ten years.. As we look at it quantitatively, in 1966 fourteen thousand workers died in job related accidents, and two million were disabled. In 1966, the estimated cost of these accidents was on the order of \$6.8 billion; one and a half billion alone in lost wages; two billion paid out in workmen's compensation; 250 million man days lost.

I might just say, parenthetically, that compared with something on the order of 30 to 40 million man days lost due to strikes, if you look at this from that standpoint it is a far more significant problem than the strike problem. So, it is a very significant issue I think and it is something that we must come to grips with and do something about. The experience, as you look at it from State to State; industry to industry; company to company, you see great variations.

The Governmental effort in this area is piecemeal, and quite disparaging among the States. The range is from two cents to two dollars and eleven cents spent on various aspects of safety. Injury experience varies from a rate of 9.3 to a rate of 18.7 disabling injuries per million manhours of work, with some 1600 safety inspectors, and apparently about half are in three states. So you see, as a second point, the wide range of the degree of effort and attention paid to this.

Now, what to do? And the first answer is I am not sure, and I am not here with a program. But it does seem, from the look that I have had of it, that first of all we need to start by recognizing that it is an essential role of the States, and that the development of the workmen's compensation system in this country is, essentially, a State system. It is not a federal system.

Secondly, I think this is a case where there is a very important role for technical assistance and research. Really, when you come down to it nobody is against safety. Everybody wants more and better safety practices, and it may be that better research and technical assistance can do a great deal here particularly if combined with a kind of renewed dedication to something that used to be quite important and that is much more emphasis on training for safety.

I think as we try to evolve this legislative packet at the federal level, we have to think about this in terms of a system that is a Federal/State system of legislation and effort in this field. So, this is by way of a guideline. I don't have any precise thing to suggest beyond the fact that looking at the magnitude and importance of the problem we really should get cracking, and I am going to do something about it. I will respond to questions if there are any.

(Applause)

GOVERNOR ELLINGTON: Thank you very much, Mr. Secretary. If we get through this morning, and I hate to say this, the remainder of the speakers are going to have to hold to about seven minutes and forty-one seconds.

When the President appointed the Attorney General, he got a hell of a good lawyer, Mr. Attorney General John Mitchell.

(Applause)

ATTORNEY GENERAL MITCHELL: Thank you, Mr. Chairman; Mr. Vice President, colleagues, Honorable Governors, ladies and gentlemen. I am delighted to be back here with you, and with so many of my other clients. First of all, I would like to scotch a rumor that apparently is going around here, and that is that the President sent Mr. Finch to Israel so that he wouldn't be able to answer some of the questions from the Governor of North Carolina.

That isn't so.

If I can take just one minute to talk to that, the subject that the gentleman brought up, I would say that in the Justice Department with regard to HEW--where these matters are principally vested--we have found that we don't agree with the way the programs were being administered. We can't tell you what the answers are, because the information was not available in either of the Departments.

I will say that the programs are very actively under reconsideration, and I believe that as soon as it is physically and mentally possible to obtain the information that is necessary to make a mature judgment on the subject matter, that we will come out with our own programs; with our own guidelines, and with our own approach to these areas within the limitations of our Congressional authorization and, of course, within the mandates of the courts.

In consideration of our mandate, Governor, I will throw away this 30 page speech that was written for me by somebody in the Department, and get to a few salient subject matters that I think may be of interest to you.

Crime, of course, is a major problem and a major consideration in my Department, and I am sure it is a major consideration of yours. At the direction of the President, we have

provided a first step of a program here for the District of Columbia, and before too many weeks have passed we will have a comparable program for the Nation, which will be sent to the Hill by the President. We feel that there is further legislation that can be fruitfully passed in this area, over and above the Omnibus Crime Bill of 1968 and we are diligently working on every conceivable phase of the questions that are involved in this program.

As the President has stated, and as I have fully agreed, crime basically is a local problem. There are many areas in which the Federal Government is involved and which, with the resources that Congress will provide us, we will pursue as vigorously as possible. We are physically at work restructuring some of the programs in the Department, and we will attempt within the budgetary limitations upon our Department to go into other areas.

With regard to the local concept and to its approach to crime we, of course, do not in the Department of Justice, or in any other aspect of the Federal Government, propose to dictate to the local law enforcement officers, to the courts, and the other activities in the field of law enforcement and administration of justice what should be done at the local level. I think our function is more in the help of funding of these programs, and in

providing technical assistance and planning resources.

We are fortunate to have the Omnibus Crime Bill on the books. I will tell you shortly as to the funds available in the program that we are taking with respect to those. First of all, I'd like to talk about the area of dialogue and liaison between the Federal Government and the States. Fortunately, we have in this Omnibus Crime Bill a provision of money for planning action grants, and a directive that this be done at the State level. So, Mr. Vice President, your job there will be considerably easier than in some other areas.

We have had the pleasure, the President and myself, of meeting with some of the Attorneys General when they met in Washington two weeks ago. I think we opened up a good dialogue with them, and a good cooperation between the Department of Justice and our Attorneys General offices and we are setting up a liaison structure which will provide for staff contact through the Attorneys General organization, and through my office.

We can readily apply our respective resources, and talents, in the field of antitrust; in the field of organized crime, and in many other areas, and this will be done.

Apropos of this, I'd like to recommend to you consideration of having the Attorney General's office deal with the matter of crime as the State representative. I know that this is not true

in all the States. I know that some of the States, the Attorney General's office is not set up as the chief prosecutor. Those functions are left to the counties, and municipalities but we through the Law Enforcement Assistance Administration have provided a grant of over \$68,000 to the Attorneys General Association for the purpose of studying the availability, and advisability, of having the Attorney General's office in the States be the liaison in this particular area.

We hope that you, as Governors, will consider this matter and in its fullest context regardless of political affiliations that may be divided between the Executive Branch and the Attorney General's Office, and to the extent that you can consider it with your legislators because I believe that the chief legal officer in the State should be the chief law enforcement officer as it is in the case of the Federal Government.

In the area of our LEEA Program, we have funds available for use by the States and their localities in this problem of crime, and when we refer to the problem of crime of course as I am sure you gentlemen are well aware it runs the complete gamut from apprehension, trial, sentencing, the incarceration, and rehabilitation of the individuals involved.

There has been considerable effort, and emphasis, put into the law enforcement area that I recommend to your consideration

running the full gamut of the administration of justice, and the rehabilitation of criminals, because this will be the greatest step forward in the elimination of our crime problem.

With respect to the money available, under our Law Enforcement Assistance Administration Program the budget for Fiscal 1969 provided \$63 million and, as you know, each and every one of the States were entitled to a portion of that. The funds have been, for all intents and purposes, allocated on the planning side. These include \$19 million in planning grants, and we still have in the process of allocation \$29 million of actual ^{low} grants. Obviously, this process has been somewhat slower because of the necessity for preparing the State-wide programs under your planning grants, and your available local funds, and submitting it to our Department for consideration of the applications for the active grants.

For Fiscal 1970, there is a statutory authorization of \$300 million. The budget that was sent up to the Hill by the previous Administration has a request in for substantially all of this \$300 million. We, of course, will seek that--the total amount within the statutory authorization and, to date, our only question concerning the budgetary request has to do with the allocation of the monies within the total appropriation.

I believe that the Department is at the point where we

feel that while the previous Administration's budget had a request for \$20 million for additional and continuing planning funds, I believe that it may be to the best interests of the overall program to increase that planning segment of the total appropriations to the point where better programs, with fuller consideration on the State level, will be obtainable.

In this area, we are also attempting to get through the maze of the literally hundreds of programs that the Federal Government is faced with. Our first step in this direction has been in the case of the program involving the juvenile delinquency spread between the Justice Department, HEW and, of course, Labor and some others.

I believe that you have received, or should have received, a letter that is going to be signed by Secretary Finch, and myself, in which we are going to attempt to consolidate the relationship of our two Departments with your State Governments. I earnestly request your comments on that. But, from my knowledge of the operation of State Government I am sure it would be most attractive to you to have one planning operation, one planning function, and to deal with the two Departments jointly in the availability of funds in this particular program.

We will continue in a definitive stage of this, and the other programs that we are charged with administering, along a

similar approach, and if you gentlemen or your staffs have recommendations with respect to consolidation of these programs we earnestly request your advice.

One additional subject matter, and that involves the letter that Governor Shafer sent to you. I believe it was within the last few days, having to do with the involvement of the voluntary sector in this war on crime and the protection of our administering of justice, and the President has stated and I to some extent parroted and expanded on the concept that without the involvement of the voluntary sector we will never make progress in this war on crime.

And I am sure Governor Shafer's letter is self-explanatory but I would take a minute to point out that we don't propose that the vigilantes get into the cities involving a voluntary sector of citizen participation. What we are primarily interested in is the citizen action group that can help monitor our law enforcement agencies; establish better community relations; review the functions of working with our prosecutors, and defense counsel functions whether it be a public defender or some other area. That the Bar Associations, and other capable and interested parties, review the activities of the courts and the penal institutions and, of course, provide the many, many, programs that are available in connection with the rehabilitation of the prisoner and the

convict.

Without such programs of rehabilitation, the statistics show that recidivism of prisoners is high and is the cause of most of our crime. So, that I honestly and sincerely urge you to give your consideration of Governor Shafer's program and I believe that the leadership can come from you gentlemen as the Chief Executive of your respective State. Thank you very much.

(Applause)

GOVERNOR ELLINGTON: Thank you, Secretary Mitchell. When I was elected Governor, I was the first farmer to be elected Governor in my State in 66 years. I honestly think that one of the problems that we face in the cities, in the urban areas of our country today is the neglect on the part of the Governors and their State departments, and sometimes the Federal Government, in dealing with the farmer and the rural areas, and I am particularly happy to present to you now Clifford Hardin, Secretary of Agriculture.

(Applause)

SECRETARY HARDIN: Thank you, sir; Mr. Vice President, distinguished colleagues; because of my long and recent association and my respect for him, I feel the urge also to recognize my own Governor, Governor Tiemann.

Govenor Ellington, I think you spoke well when you

introduced the problems of the rural areas probably associated with agriculture. We have something that I think we can refer to as the blessings of abundance in our land as far as food is concerned. But, it is a paradox because as we have become more efficient; as we have applied technology; as we have increased the production of our soil, we have people left behind some of whom have migrated to the cities in large numbers. Some who are still in the rural areas, and living in conditions of poverty.

We must continue to make our agriculture more efficient if we are to compete with the world markets. Therefore, we dare not neglect the programs that will increase efficiency. But, we must turn around and pay attention to the problems that have been created by this process of increased efficiency.

I believe that nearly all of the programs of the Department of Agriculture, in some way or other, relate to this central thesis. Now, perhaps the one that I should mention first is--because of its currency, because it does involve each of your States--is this matter of distribution of food, and I will lead off with this, and while other departments of Government--including HEW--have specific responsibilities in this area the great bulk of the food distributed to poor people today is by the Department of Agriculture under at least three major programs, and a host of others that have been set up by special legislation.

But, there is operating across the country today the food stamp plan, or a program of direct distribution of food in 2650 of the 3118 counties and independent cities of the nation. Because of the limitations of funds; because there is a congressional ceiling, there is not much more expansion of the food stamp plan that can take place in this year. There are funds available for further expansion of the direct distribution program.

Then there is, in addition to a school lunch, the special feeding of pregnant mothers and small children. A few days ago, national attention was focused on two particular counties in South Carolina, and we did launch forth with an experimental program in these areas. Because we were already in contact with Governor McNair and his people; because he had already requested consideration in these two counties for the infant feeding and pregnant mothers' program; because we knew a lot about these counties, we decided to go ahead and because also they had the food stamp plan State-wide to see what we could do experimentally, and I want to emphasize this experiment was with free stamps for some of these people who simply did not have money enough to make the fifty cents purchase of food stamps, to see whether this would indeed make this program far more effective, and I think we will know the results from this in a few weeks.

This is not a new policy; it could not possibly be, because

the funds do not and would not exist to do this nation-wide. We are not yet ready to recommend any changes, overall changes, in the food distribution program. I think there will be some. This is a matter still on the agenda for the Urban Affairs Council, and I am sure that the President will have some recommendations to make in a few weeks with regard to changes in this program, and how it can be made more effective, and in this connection we will welcome recommendations from the States.

One of the other points that I want to mention in connection with the food program is that all of the programs are, I think, operated through your own Department of Welfare or whatever the appropriate department may be. We feel very strongly that if this program to wipe out malnutrition from our land is to be successful, and it must be, it is going to happen only through administration by the States; by the local agencies, with full cooperation of the local citizens.

I think we have to get it to a point where it is people to people if it is going to be effective. We, in the Department, a few weeks ago recognizing this made available to the Agriculture Extension Service of your States additional funds to hire and train nutrition aids operating in connection with your home demonstration agents. A group of people who are not professionals, but who will be prepared to go into these homes; acquaint them

with what is available, and to advise them concerning their eating habits and diets.

This is too young to determine how effective it is, but we are going to continue to work closely with the Extension Service to supply them with information, and urge them to work with you and to, in turn, work with those people including the volunteer agencies.

One other thing that I think I should mention, because it has been in the news, suits have been brought against the Department. They have actually been brought prior to our assuming office, this makes no difference, in about 20 of the States to force the Department to distribute food free of cost to the States and local units of government. I think there are, for example, 20 counties in California; there are additional counties in which suits have been filed in I think 19 other States.

The Department is supplying food free of cost in 49 counties in the nation; 49 of the very poorest counties that simply did not have the resources to do anything on their own. The Department has not done so in the wealthier counties. I think all of the counties for which suits have been filed are the wealthier counties. We don't know how these suits will come out.

If they should decide that this is required, it in a sense would mean that we are being asked to bypass State and local

governments in the distribution of food, which we could not do compared with the dollars of cost, nor should it be done when you consider also the need to have this be a full cooperative effort.

Another item of concern to some of you, we have a very small program and very important one in individual areas and that is the disaster loan program. It has been particularly active this year. I don't know whether this has been because there have been more disasters, or whether people have learned more about the program.

In any event, our funds were exhausted about in three weeks. We have an additional allocation of \$15 million, which we applied because of heavy snows and other natural disasters in rural areas.

Now, let's turn for a minute to the whole area of rural America. It has been mentioned several times by previous speakers, and I suppose that more and more the Department of Agriculture is becoming the "Department of Rural America", and what I have just been talking about we hope is temporary. We hope it is a relief. We hope, at the same time, that cooperating with you we can begin to foster the type of economic adjustment that is needed to get these people retrained, reemployed, so that they may live a quality life near the communities where they are now living.

The Department has the responsibility of, in a sense, coordinating the efforts of many of the Departments you have heard from already whose programs are primarily applied to urban centers, but which also have sections which are available for small towns across rural America; in each of the counties, all of the counties I think of the United States, there are employees of the Department of Agriculture Extension Service; FHA representatives; representatives of the Soil Conservation Service, and these people have been instructed and do have available materials from the other departments of Government concerning the services that might be available for any community development program with which they might be involved, and there is a State Committee of ISDA Employees that also has this information, and their services are available to you in the State Governments.

One other area that is of current interest is that involving the inspection of meat and poultry. I am sure some of you have been involved personally, and some of you during this current legislative season, and I want you to know that we have a Committee of State Directors of Agriculture working with us. We are going to do everything we can to smooth out any problems that have existed, and develop a truly cooperative Federal/State program of meat and poultry inspection. I think that can be done. I think it can be done under existing law. If it can't, we will

try to recommend changes in the law in forthcoming sessions.

But, there has been confusion and I want to make it perfectly clear that we are not recommending any relaxation in the requirement for meat and poultry inspection, just better cooperation, because representing as I am supposed to do the farmers and producers of this nation to the Government we feel that we are representing them properly when we can assure them that the products of the farm are properly protected, and their health is properly protected.

We are going to continue to be concerned with farm income; the commercial farming sector, and I won't dwell on this very long but just to mention that we still have this problem that has been with us for many decades. The ability to produce more food than we can conceivably consume in this country, or sell abroad. The nature of the farming enterprise being what it is, with many producers, there is going to have to be regulation of production if farm income is to be maintained, and if there is any possibility of ever letting the price be the guiding force which we all hope it can be for this reason that some type of farm program is going to have to continue that will, among other things, regulate production.

In the meantime, we are going to be exerting every effort that we know how to try to open new markets abroad. This is

being made an absolute top priority item. We feel fortunate that the current farm program has been given another year of life by the Congress, so we have these next months to work with producer groups across the country and the business groups to see whether there are improvements that can be made in the farm program for submission to Congress next year and in connection with the present program--before it is scheduled to expire--we are going to be holding meetings across the country during April and May, to which the top officials of the Department and I plan to attend. We plan to attend all of them, not to make speeches, and we are going to hold these meetings on college campuses of the land grant institutions, and we are going to ask them to point out the agricultural interests of their areas.

These will be regional meetings, and we want them to tell us what they think we should know as we attempt to formulate a program for the future.

Now if I may I should like for you to--if this is appropriate, Mr. Chairman--let you all see the Undersecretary of Agriculture. He is a man that many of you know. If you don't know him you will be dealing with him in the future. I'd like to ask J. Phil Campbell to stand.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Secretary. Next, I'd

like to present a former member of this Conference, Secretary of the Interior Walter Hickel.

(Applause)

SECRETARY HICKEL: Thank you, Governor; fellow members of the Cabinet; fellow Governors, if I may say that, I will try to be brief. I know the time is short. I will try to get to some of the problems that you people might have, and I do want to say that I am sure you didn't invite me up here just to hear me make conversation for conversation sake.

However, let me say that I do enjoy this opportunity and I likewise pledge--as my colleagues did--that you will have the full support of my office in trying to solve the problems that confront you in your various States.

Even though I have just been on the job a little more than a month, and I slid into the job sort of quiet like without any fanfare, and I was told by my predecessor, "Wally, you know, we have found this Department to be one of national interest." I sat down in the chair, and little did I realize how emphatically he meant that because the whole thing blew right up in my face.

That leads me to one of the real problems, that of environment; that of natural beauty; that of marine life, and I have already discussed this with Governor Reagan many, many, times. But, we must look at what are we trying to attain, and really what

do we give in one pocket and put out of another. This specifically had to do with the Santa Barbara affair. Here was an area that historically people of that area had tried to convince both the State and Federal Government that they wanted to protect their marine life; water fowl, and the natural beauty.

The State of California finally set aside an area and it became a sanctuary. The Federal Government for reasons of its own, and I think that when they made that decision they made the only decision that they could, after great protest they said that, "We were going to drill in the Santa Barbara area above the sanctuary because we needed the money." That is economic justification, but I only point out that is one instance.

The geology was known, the State had made its decision and the people had expressed themselves. We got \$61 million for that one lease and I just wonder what that cost the economy as a whole as a result of what happened, by not having strict enough regulations, and not really having guidelines about what is most important, and how much can we attain dollar-wise, and how much will we lose.

I think if these things all are taken into consideration by this Administration we will have better laws, better regulations, and when we have problems like in West Virginia it must be recognized we need new safety laws, whether they are for the safety

of the individual miner that day, or whether they are for safety in the long term attainment of health, I think that we must have strong enforceable and attainable regulations.

I think that last thing is the most important, attainable, and whether we are trying to solve the problems of the great federal land grant States of the west I think that we should have close liaison not only with you Governors but with Congress when we sort of, by Executive Order, withdraw literally hundreds of thousands, or millions, of acres and you know about it after the fact.

We are going to find that there are times that the Executive Branch has to act with regard to conservation not only with the Congress but with those States concerned, and I think we will not only have a better relationship but we will have better conservation, and when we look at the populated East it is not only water problems, not only air problems--which is not in my Department--but it is the problem of environment, and it is one thing to change the physical characteristics of a ghetto and, yes, you can change the physical environment of those people involved but what about the open spaces; what about the heart, mind and soul; what about the environment of that?

I think unless we can have these open spaces, whether you call them parks or whether you call them areas of recreation,

or whatever you call them they must be attainable to have the greatest number of people. It really doesn't do any good to have an area 2,000 miles away to some child in a ghetto that could possibly never reach that, or never visit it. So, I think we have to-- in conjunction with our Department and those States involved--look at how can we economically obtain this, and I would say that economically obtain might be cheap today if we don't put it off too long.

I invite your cooperation, and your ideas along these lines. I think that the Department of the Interior which, in reality is a Department of Environment and Natural Resources, in some way touches the every day life of nearly every American. I think we should look back to the turn of the century, when America was coming from an agricultural society into an industrial society. I think at this point there weren't any guidelines, and there was some exploitation. There was desecration of the natural beauties and nobody wants that. We call that the abuse of natural resources, and the land environment, and the pendulum swung all the way over and possibly rightfully so until there was no use permitted, and we don't want that either, so that is sort of a gray area on which we are trying to focus. The wise use of management in the conservation of our natural resources and environment.

I think we should project our minds ahead to the year

2,000 and figure out what we are trying to do; figure out how we are going to wisely use and develop, and conserve, those resources are the basic wealth of not only of America but any other country.

I think we do have to set those guidelines. I think we do have to project ahead, and turn around and see what is going to happen. How are we going to take care of the problems that will be pressing then because of the population explosion that is bound to occur at that time.

In closing, I would just like to say that we must be able to plan to look at ways to accommodate more people, and yet protect the great heritage and natural beauty that we have in our country and so with that in mind I would just say my door will always be open to you, our Governors. I understand your problems. You will have a sympathetic ear. I thank you.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Secretary; now, my neighbor just to the south, Postmaster General Blount.

(Applause)

POSTMASTER GENERAL BLOUNT: Mr. Vice President, Governor Ellington, distinguished colleagues, and members of the National Governors' Conference; I'd like to also extend to you a warm welcome to Washington. However, I am not exactly a Washington veteran myself but after only one month in office I feel like

things began happening in our shop so fast that I am now in that category, and discovered that politics made strange postmasters, and I might say things haven't stopped since.

The most astounding thing I found out about the Post Office Department is the fact that we do deliver the mail. I have never seen such a managerial and bureaucratic mess in my life. The management methods and techniques that are used are so archaic really as to be unbelievable. I see our job as one to bring the Post Office Department, kicking and screaming, into the last third of the 20th Century. I recognize the fact that we can't let George do it, we have got to do it ourselves. But, this is not going to be an easy job nor is it a job for the short winded.

There are not going to be any dramatic over night improvements in the mail service, but if we don't change the direction of this Department then I can assure you that system will collapse around our shoulders.

You may recall the breakdown in the mail system in Chicago two or three years ago. I am told that this could happen at any one of a dozen places in this country at this time, and all at the same time.

There is an average investment in the Department of \$1136 per employee. A capital investment which when compared with the communication industry average investment of some \$35,000 per

3. The Commission has also received information from the

Ministry of Health and Family Welfare, Government of India,

that the Government of India has decided to

increase the number of seats in the

University of Delhi from 100 to 150 in the

University of Delhi, Government of India, and

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Kappel, retired Chairman of the American Telephone and Telegraph Company. This study was completed last June, and provides an excellent foundation for and was the most comprehensive look at the Post Office Department that has ever been made.

It found that though operating in a government environment, the Post Office was basically a business activity that simply was not being run in a businesslike way. This Commission found that Congress set postal rates, and set the wages; approved or rejected construction of individual post offices; appropriated operating funds on a day to day, year to year, basis and in fact makes most of the management decisions on a day to day basis.

Facilities are old and antiquated, and the service is not responsive to the changing needs of this country. The Post Office Department Commission said the Department faces demands in the coming years it cannot meet with the present, inappropriate and outmoded form of the postal organization.

The Commission recommendation was to convert the Post Office into a Government owned TVA type Corporation charged with operating the Post Office on a self-sustaining basis. That substantial savings through modern management and investment can be made on the order of a billion dollars a year, a management which could meet the needs of this nation.

Now, we haven't made a public statement and haven't taken

a public position on the recommendations of that Commission as far as the corporation part is concerned. We are studying in detail these recommendations, and expect in a very short time in the future recommend to the Congress--recommend that the President recommend to the Congress--the extensive and comprehensive reform in the Department.

I have asked the members of Congress not to take an irretrievable position on the various forms of postal reform until we can make and complete our study.

As I said, in the meantime we have made some initial steps toward bringing better management to the Post Office Department, and laying the groundwork for larger programs. We have brought aboard an excellent management team who has great experience in managing enterprises in this country. Topflight businessmen have joined us in the second and third level of management in our Department and they are, in turn, bringing others into this Department.

There is much improvement that can be made through better management, and I believe this team will accomplish a great deal in this area. Secondly, by doing away with the patronage system for appointing postmasters and rural carriers played an important first step in raising the quality of the field management, and improving advancement opportunities for career postal

employees to say nothing of improving our Congressional relations.

We are now creating a new system of selecting postmasters using an impartial national and regional selection board which will give first consideration to the career postal employees who are available. If none are available, it will then fill those positions through open competitive Civil Service examination.

An attempt is also being made, as part of the initial effort, to truly decentralize the management of this Department. A new policy was announced this last week, as I indicated, to make the regional offices focal points of efficient field management rather than merely administrative offices following orders from Washington.

To this end, we are putting together a task force of some fifteen top executives in business that will go into each of the fifteen regions to study the problems, and to assist in the reorganization and reorientation of these regions. I'd like to emphasize that the role and the mission of these regions is truly going to change dramatically from what it has been in the past. Meanwhile, we have a talent search underway to secure executives with management experience possibly including some of those in the task force, and some with career service, to become the permanent executive officers in the postal service in these various regions. The importance to our mail system, to the economy, is obvious.

The distressing thing about the Post Office is the gap between its performance and its potential, and the real fact is there is no good reason why this gap should continue to exist. We can, and we should, have good and efficient mail service. As I said, it will not be an overnight task.

The Kappel Commission said that the problems the Post Department will face in the next decade constitute a managerial challenge as great as any in the economy. Reorganization to meet this challenge will require time, talent, money and legislation. We are making a start, and with the help of Congress and the facilities it represents we hope to continue. Thank you.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Postmaster. Mr. Moynihan is also on our program this morning, and he has kindly consented to be with us during the early part of our afternoon session, which will keep us almost on time.

To the members of the President's Cabinet, we really appreciate your coming here this morning; the Vice President, of course, and I want you to know that I know that regardless of the political affiliation of the Governors of this nation we want to work with you. We know you will work with us to make this nation an even greater nation for all the people of our land, so we are planning on your support and, of course, look forward to

working with you. We have not had a chance to hear our good friend over here, one of the old war-horses that has been with us so long but we will be with you later.

Thank you, gentlemen; thank you so much.

(Whereupon, the opening Plenary Session was recessed at 12:05 o'clock p.m.)

(Whereupon, the luncheon session was called to order at 1:25 o'clock, p.m.)

GOVERNOR ELLINGTON:, Ladies and gentlemen; for those of you that didn't attend our conference this morning, let me say welcome to you. We are very happy to have you with us. I think we had one of the best sessions this morning that I have ever attended at a Governors' Conference.

To the distinguished guests that are still here with us at lunch, the President's Cabinet and others, again I want to thank you for the great contribution you made to our program, and to let you know again that we appreciate your coming, and we look forward to a continued collaboration and a very fine spirit of working with each other.

I'd like to, at this time, introduce the Governors that are with me on the Executive Committee and, naturally, I have to say they are the finest group of men that I have ever worked with because all I do is just preside; they do the work and tell

me what to do, and try to keep me straight to the best of their ability. First is Governor Tiemann of Nebraska.

(Applause)

Governor Hearnese of Missouri.

(Applause)

Governor Nunn of Kentucky.

(Applause)

Governor Shafer of Pennsylvania, as usual we always have to send after him but we will have him back in a minute. Governor Hathaway of Wyoming.

(Applause)

Governor Godwin of Virginia.

(Applause)

Governor LeVander of Minnesota.

(Applause)

And Governor Dempsey of Connecticut.

(Applause)

This morning, we had the great honor of having one of the men that was the most valuable member of our Conference until a few things happened last November, and a man that we all respect so much, and feel so very close to, and I am going to call on him now to introduce our special guests at the luncheon today. A great friend of all of us, the Vice President of the United States.

(Applause)

VICE PRESIDENT AGNEW: Governor Ellington; Dr. Vereide; Jerry Ford; Mr. Ambassador; distinguished members of the Cabinet, and the Governors and their ladies and guests assembled here today. It is a great pleasure for me to be here with you during the day's activities, including this luncheon, and to extend to you the greetings and best wishes of the President.

He was quite disappointed that the need for this European trip made it impossible for him to be our host, your host, personally. But, I guess I would be forgiven any partison attitude if I were to say that he is there carrying the burden and doing the job for the United States, and the way it looks to me he is doing a pretty good job.

(Applause)

Now, Governor Ellington knows that I was the first violator of the rule against taking too much time this morning, and I don't intend to repeat that mistake right now. One thing that the campaign taught me is it is all right to make a mistake once, but that is enough. So, my purpose is to introduce three very distinguished members, key people in this Administration's effort, and the first one in the hackneyed sense of that phrase needs no introduction because he has appeared before this Conference on many occasions.

He is a respected leader whose activities on behalf

of the Republican Party as Minority Leader in the House of Representatives have gained him great respect. He is a leader whose respect is extended not just by the members of his own party, and above all he is a man who serves the United States before he serves any party, and I refer to the very distinguished ^{man} Majority Leader of the House of Representatives Jerry Ford.

(Applause)

THE HONORABLE GERALD R. FORD: Mr. Vice President; Governor Ellington; distinguished Governors; members of the Cabinet, ladies and gentlemen. It is really a great privilege and high honor to have the opportunity of being here again at one of your meetings. In the last four years, in two or three months, I have had the privilege of visiting 48 out of the 50 States sometimes as the guest of the Governor on such occasion--more often the guest of a Republican Governor--but it has been a great experience for me, and I have benefited immeasurably from it.

I wasn't fearful of the kind of introduction that might come from the Vice President, because he is a most discrete person. But, on occasion those of us who do get around the banquet circuit run into some introductions that are far more memorable than the speech that followed.

I will never forget an experience I had in the State of

Ohio, Jim Rhodes, one of my colleagues in the Congress and a good Republican inadvertently I am sure in the process of the introduction indicated that I was a graduate of Ohio State University. I had to naturally defend my alma mater's good name, and yet I couldn't think of something to say in response to that inadvertent slip and so as I got to the podium I thought of the incident that happened to a man who had the burden and responsibility of introducing the Governor of the Virgin Islands and this man, after a long introduction and had talked of the Governor's accomplishments, his achievements, and virtues finally concluded before this vast audience with a final statement.

"It is my honor and privilege to introduce to you the virgin of the governor's island."

(Laughter)

Governor Ellington, ever since I was elected Minority Leader of the House of Representatives a little more than four years ago It has been one of my objectives to increase the contacts, and to improve communications between members of Congress and the Governors of our fifty States.

I believe I have had the privilege of attending all of the recent meetings of the Republican Governors, and I am deeply grateful. But, this is only the second time I have had the honor of being the guest of all of the distinguished Governors of our

States, last year on this occasion and again this time. So, I want to thank all the Democratic Governors, Governor Ellington especially, for inviting me. I don't know exactly what the cause was of my good fortune with Democratic Governors, but maybe you felt that I would have some sympathy, some understanding, and some experience of the problems of being in the minority.

(Laughter)

Speaking seriously, I don't know of a single one of our pressing problems, our national domestic difficulties, that comes under a particular party label. Of course, we try to pin party labels on remedies. Your party label if they work, or the other party's label if they turn out to be a failure. This results in an interplay of different ideas, and different approaches, and of patient legislative compromise sometimes at the State level, and local level, and sometimes in the committees of Congress--the House and the Senate--but more often in all of these various forms. Let me give you one example.

Last year, as all of you will vividly recall, we on the Republican side in the House of Representatives undertook to make work, to achieve major changes and I think improvements in the proposed legislation which eventually became the Law Enforcement Assistance Act of 1968. One of these, as you well know, was to cut the State Governments in for a far larger share in the planning

and the allocation of federal funds for crime prevention, instead of letting the Justice Department in Washington deal directly with local authorities.

In this effort, as indeed in other of our similar efforts to promote the block grants or revenue sharing approach to federal assistance, we had the ungrudging total support of not only Republican Governors but Democratic Governors as well, and those of us who lived through that experience in 1968, and the odds we faced at the outset, let me say I am deeply grateful for the help and assistance that you gave to us.

(Applause)

The net result is we had a far better law, and I think the new Administration can work out the programs in the future far better with you, as Governors, under this arrangement.

Just yesterday we, on our side of the aisle, had a most imformative and mutually beneficial exchange of views at a breakfast between the House Republicans and a number of our distinguished Republican Governors. I don't know how many House Republicans, following that meeting, came to me and said this was one of the finest meetings where the Governors gave us the word, and we need it on more occasions than not. But, in return, I think we will be able to communicate with them infinitely better, and may I say that we on our side of the aisle hope to

expand and continue such meetings between Republican Governors and Republican members of the House.

To briefly summarize the views expressed by the Republican Governors to us, they would seem to like to embody in future federal legislation more flexibility for the States. I refer I am sure, here, to block grants and revenue sharing; greater cooperation and understanding from federal departments, and now that you have four Republican Governors in positions of responsibility in the Cabinet, I am sure that you can expect that kind of cooperation and understanding plus, of course, more money.

I don't think we, on our side of the aisle, would have gotten a much different verdict from a breakfast if we had had Democratic Governors appearing before us, and I don't think any meeting of Democratic Governors and Democratic members of the House would have reached a much different conclusion.

As I said, the common concerns that face this nation today do not--any more than those beyond the water's edge--wear Democratic or Republican labels, nor will they yield as I look down the road to a narrow partisan approach in their solution and I hope and trust that this attitude will be the point of view of the 91st Congress.

I believe, from all the evidence we have seen so far, that this increasing involvement of State Government is going to be

the guiding principle of the Nixon/Agnew Administration, and I am sure it is a favorable omen--if I might say--that we have as the President a former member of the House and the Senate, and a former great Governor of Maryland as Vice President.

I have resolved to speak briefly here today so that I can get invited back again, Governor Ellington, at a bipartisan conference of this sort. May I say that I would like to learn exactly what the Governor of North Carolina said to the Governor of South Carolina, but I don't have at this moment the answer to that question.

But, I do want to pass along to you what a Republican Governor of Florida said to our Republican Governor of California about our former Republican Governor of Alaska. "All those billion dollar beaches of yours," said the Governor of Florida to the Governor of California, "why they aren't worth a plug Hickel." Thank you very much.

(Applause)

VICE PRESIDENT AGNEW: Jerry, you certainly didn't violate the prohibition against taking too much time, and I think you will be invited back very frequently by the Governors.

One think I want to caution you about, because I have been around these Governors a long time, and that is they stick together regardless of party, and I have never seen a group defend

each other as vehemently as the Governors do, and have made it a pretty fine club to belong to when the going got rough.

I want to present to you, now, a career diplomat; a gentleman who is totally and thoroughly familiar with the United Nations where he has served since 1961. He was a close advisor to my predecessor; he represents the biggest minority embraced in the Nixon Cabinet of the Democratic Party, Ambassador Yost.

(Applause)

AMBASSADOR YOST: Mr. Vice President, ladies and gentlemen; I am going to try to do the impossible to give you, in five or ten minutes, a thumbnail sketch of where the UN stands at this moment. But, in doing so, I am going to follow the example of the young couple, and this is one of my predecessor's-- Adlai Stevenson--favorite stories.

This young couple presented themselves late one Friday afternoon to a local justice of the peace, and asked to be married. He inquired if they had a license, and they admitted they didn't. He said he was terribly sorry, but they'd have to wait until Monday. They were very crestfallen, and went to confer in a corner. The young man finally came back and said, "Sir, I wonder if you couldn't just say a few words to tide us over the weekend."

(Laughter)

So, I will just say enough about the UN to tide you over the weekend.

As you know, the United States was really in many ways the father of the United Nations. We took the main initiative at Dumbarton Oaks, and San Francisco, in setting it up. It was a very different organization then. There were only fifty members at the time of San Francisco.

We, of course, shared with the Soviet Union the responsibility for putting the veto into the United Nations, because we felt as strongly as they did that only through the veto could we be sure that our vital interests were protected.

Now, the Soviet have since used the veto over one hundred times and we, fortunately, haven't had to use it at all but that is primarily because no resolution has ever been adopted by the Security Council which we felt was a threat to our vital interests because the majority of the members have normally been friendly to us.

The world, however, has been changing very radically as we know only too well in the twenty-four years since the UN was set up. I saw a very interesting description of it the other day, which puts it in a rather different light than what we usually think of. This writer said, "In the world of today, one human being out of two remembers his country being under Western domination. One out of three lives under a communist regime. One out of four is Chinese, and two out of three are undernourished."

Dag Hammarskjold, some years ago, before he died said that, "The UN reflects the world as it is, and if we are unhappy with the UN--as we all are from time to time--it means that we are unhappy with the world as it is," and the world as I have just quoted this description to you.

There are now 126 members of the UN, two and a half times what there were at the outset. Over half of them come from Africa, and Asia, whereas at the beginning there were only a handful from that part of the world. So, it is now of course impossible to put any resolution through the General Assembly to get even a majority, not to mention the two-thirds that is required for a substantive action without the support of a good many African and Asian nations.

Actually, in the Security Council, the situation continues to require because of the veto the acquiescence of the five permanent members, so doing business in the United Nations--and I hope you all sympathize with us up there on this score--is not as easy as it used to be. It is very, very, difficult and complicated but it continues--and we only have to look at today's newspapers to see why--to be just as necessary and as vital as it was.

President Nixon has, several times since his election, emphasized that in his view and for his Administration the United Nations continues to be an essential element in American foreign

policy. Of course, it can only remain so and be so effectively if it has the support of the American people generally, widely, and comprehensively and I hope very much. I solicit the support of you gentlemen in maintaining that confidence on which we all rely.

Now, we shouldn't expect too much of the United Nations. This is an error we have sometimes made. There are many important fields in which we have to do international business outside the UN, and will continue to have to. On the other hand, we shouldn't underestimate its capabilities. It is the one Institution where it is still possible, despite all these difficulties, to obtain a world-wide concensus on important matters and where it is possible, by dint of a good deal of hard work, to share and spread responsibility for some of the things that it is in our interest to do multilaterally rather than unilaterally.

Now let me just, in closing, mention the two principle fields of concern in the United Nations; the two main items on the agenda. The first has always been, and continues to be, the maintenance of international peace and security. That is what we call peace keeping. The UN has not been as effective in peace keeping as we all hoped at the outset it would be, and still remains far less effective than we would like it to be.

One of our chief endeavors must be to strengthen it, and

enable it to do more. As both Hammarskjold and U Thant point out it can only do what its members allow it to do, and enable it to do. I think that the peace keeping procedures can be considerably strengthened, and fortunately there does seem to be a growing readiness among the other great powers to use the UN somewhat more than they have been willing to use it in the past. Of course, the outstanding immediate example of that is the Middle East which we are most concerned about at the moment.

The UN has, from the beginning, from the foundation of Israel twenty years ago been intimately concerned with the Middle East. In some cases, it has been able to avoid crises; keep the peace, and in other cases as you know it has not. The situation is not improving out there. It is getting more serious, more explosive, more dangerous, to us and to others.

A very serious effort is underway to use the UN machinery to do something about this part of the world. The Security Council, as you know, adopted a resolution about sixteen months ago which laid down the basic elements. It appointed a UN mediator, Ambassador Yaring, to try to bring about an agreement among the parties to carry out this resolution. He has worked very diligently. He has not yet succeeded. He is going to need more help. The President has made it clear that the United States is going to give him more help, and I have the strong impression that the other big

powers are also going to give him more help, and that this will be--as I say--the top item on the agenda of the UN in the immediate future.

We should also not forget, however, the other broad range of items of UN concern that so often miss the headlines. A whole range of economic, social and environmental problems which nations share in common. The most important of these, of course, is development. The development of the people of these vast number of new countries. Much can be done multilaterally by such programs as Paul Hoffman's UN Development Program which is difficult, for political reasons, to do bilaterally.

He feels, and I agree, that there are growing potentialities in the United Nations for multilateral development, and he is pursuing them very actively. He realizes, and we all realize, that unless something is done about the population problem; helping nations to develop, we will never get very far. It is like carrying water in a sieve.

Now, the UN is also deeply concerned with the population problem and is at long last, I think, able to do more about it than it has been in the past. A whole series of other new ventures are being undertaken. The attempt to correlate international policies in regard to the seabeds is following a rather successful effort, also the effort to correlate international policy about outer space.

The UN is beginning to deal with the problem of pollution. The International Civil Aviation Authority is, at this moment, getting into the problem of what to do about violence on aircraft. This whole range of economic, social and environmental problems will be one of our major concerns as well as peace keeping.

In conclusion, let me quote a remark of Lord Harlech the former British Ambassador here, "Man is a peculiarly constructed animal who can't read the handwriting on the wall until he has got his back to it."

I hope we can use the UN. We, in New York, feel that we can to provide a means of reading the handwriting on the wall before it is too late, and taking the action that is necessary in time. Thank you very much.

(Applause)

VICE PRESIDENT AGNEW: I think it becomes readily apparent why Ambassador Yost was selected for this important assignment, because of his great facility in handling problems that he has developed over his years of exposure, and his quiet and incisive approach to them, which we all appreciate.

The last speaker at this luncheon will be a substitute for the Secretary of State, Mr. Rogers who is, of course, traveling with the President. It is pretty hard to refer to this gentleman as a substitute for anybody, because he is one of the Administration's

star intellects. He has garnered about every intellectual honor available in college, in law school; served formerly as Administrative Assistant to Senator Saltonstall. He was a former Assistant Secretary to HEW; Lieutenant Governor of Massachusetts for two years, and Attorney General of Massachusetts from '66 to '68. A man for all seasons, and all public services and a gentleman whom I have grown in the short time I have been exposed to him at Cabinet meetings to respect and appreciate. The Under Secretary of State, Elliot Richardson.

(Applause)

UNDER SECRETARY RICHARDSON: Thank you, Mr. Vice President; Mr. Chairman, Governor Ellington; Congressman Ford; Ambassador Yost; Governors of these United States; members of the Cabinet; other distinguished guests, ladies and gentlemen.

I feel greatly honored to be referred to as a "man for all seasons". I trust that I do not prove to be a man for all hours. For one who until very recently served as State Attorney General, and before that as Lieutenant Governor, to be asked to address this august body is not unlike being awarded a battlefield commission.

My own immediate Chief, Secretary Rogers, would very much like to have been here today as I am sure you know. But, he asked me to extend to you his warmest wishes, and to express the hope that

there would be another opportunity for him to meet with you.

I must say that it is probably a good thing that I am speaking under such a relatively severe time limitation, because with the President abroad, and the Secretary of State abroad, and the Special Assistant to the President for National Security Affairs, if I were given any considerable length of time I am sure they might return and not even be able to recognize the shape of the United States foreign policy.

It is true that I am intended to be in my capacity as Under Secretary an alter ego to the Secretary of State. Some people have felt that as a former Attorney General of the United States he over did it a little bit in getting an Attorney General for the job. At any rate it is, of course, an enormously challenging opportunity that we have in the Department of State today to take a look at the direction of the United States policy, and to assist the President in the conduct of his policies overseas.

The fundamental objective of our national purpose, of course, is to protect and advance the interests of the United States abroad; to insure our own survival and the survival of others. This fundamental purpose continues. Our Administration is simply seeking to take advantage of the opportunity to take a fresh look, and to develop new approaches to furthering this objective.

One interesting thing in this connection which has struck

me with increasing force, as the days have gone on, is that we in the Department of State face a problem very like the one which many of you are grappling with in your own offices, and that is the staffing and planning capacity to make sure that the decisions we reach properly take into account all of the dimensions that are relevant to weighing competing claims, allocating our resources and advancing our purposes.

From the President's standpoint, of course, this is a purpose which is served through the National Security Council Staff, and the Assistant Secretary of State with regional responsibilities must have a comparable kind of staff to assure that the economic and cultural implications of a decision are taken into account. That it is view in a perspective of time, and not simply in the light of the immediate crisis to be met. There there is built into the process, also, the opportunity continually to review, and to appraise, the validity of the policies and programs that he is pursuing.

This same requirement also exists on what is generally referred to as the 7th floor in the office of the Secretary of State itself. I see my old friend and colleague in the Government of Massachusetts, Frank Sargent, who is I know wrestling with this very kind of problem as it affects the ability of a Governor to bring together the threads of administration so often, in his case,

split up among 200-odd different agencies and a pattern which tends to repeat itself in many other States as well. So, we do feel that this is a very common problem with you, and if there is any direct value in my immediate past experience it is perhaps in having had some exposure to it and we are in the process of trying to improve the administration of the Department of State; its responsiveness to the problems that develop abroad, and its ability to translate policy decisions at the highest level into the communications and the actions of our representatives in the United States missions abroad.

As Governors, your own main attention, of course, is focused on domestic issues, and yet in a day to day way you do touch upon and are concerned with the conduct of foreign affairs. Your constituents are serving the United States abroad in Vietnam. They are contributing to keeping the peace in other areas of the world. They may be the parents of young men who are serving us and so, naturally, you feel a concern with these human beings and with the policies that directly affect their lives.

Some of you are Governors from border States who have a direct interest in the economy, and the culture, of the countries across the international boundary. Probably many of you have, or will travel abroad on trade missions. You are concerned with immigration problems, and when unhappily we do face a major crisis

it is important to you to know what the responsibility of the United States is in order to be able to respond to the expressions of concern that come to you from your own people.

Recognizing these very important practical day to day things that concern you in the conduct of United States foreign policy, the Department of State a year and a half ago set up an office whose very purpose is to communicate with you and to assist you in dealing with this kind of problem; to make sure that if you are going abroad, whether for purposes of a trade mission or for any other purpose, you receive the briefing that you need; that you were assisted in the handling of immigration problems; that we assisted you in developing whatever programs you may want to further that have to do with your neighbors across an international boundary.

The office which performs these functions is headed by a foreign service officer Mr. Abe Manell. He has visited, so far in a year and a half, 45 Governors and I am sure that within the next few weeks or months he will visit those of you who have newly come to office, and those of you whom he has not yet met.

As I said, he is a foreign service officer and he has found this opportunity to be exposed to the domestic concerns of your State Governments an enormously illuminating experience for him, and in turn this is reflected back through him to our junior

officers in the foreign institutes and in other ways, and I think that it would on the whole greatly improve the effectiveness of the conduct of our foreign policy if more of our foreign service officers could have this kind of exposure to the problems, and the ways, in which they are being met domestically here in the United States.

The President, as you know, is on a trip abroad where again and again we hear it reported that he is a good listener; a well informed listener; a responsive listener. We, in the Department of State, surely in our relations to you should be good listeners. We should listen to your views because of the depth of background, and experience, you have in the day to day responsibilities you have in coping with the problems of this country.

But, in addition, we should listen to you because you travel around your States; you really are in touch with the people of the United States. You listen to them, and through you we can be kept in touch with them and make sure that in carrying out our purposes abroad that we are in touch with the feelings, and the views, of the American people. And, so, as one who has served in State Government, who has enormous respect and appreciation for what you are doing, I can only say that I look forward to listening to you, and to working with you in the years ahead. Thank you very much.

(Applause)

GOVERNOR ELLINGTON: Thank you so very much, and to our three distinguished guests let me say that the Governors greatly appreciate your coming our way today. We are looking forward, again, to working with you. We appreciate having you ladies and gentlemen here, and especially the press, and now we will leave this very fine luncheon--the Governors and their aides--and go immediately back to the conference room we used this morning to continue our meeting. Thank you very much.

(Whereupon, the luncheon meeting was adjourned at 2:00 o'clock, p.m., with the Plenary Session being called to order at 2:30 o'clock, p.m.)

GOVERNOR ELLINGTON: Gentlemen, will you please be seated. Gentlemen, we will take off where we left this morning and we are very happy to have with us at this time the Assistant to the President on Urban Affairs, Mr. Moynihan.

(Applause)

MR. MOYNIHAN: Mr. Chairman; Mr. Vice President; Governors, I will speak briefly to the subject of urban problems and the Administration's response to them and I think of the Irish lady who was seen leaving church and carrying a couple of young children with about nine following her, and a newly ordained Dominican had been preaching an hour long sermon on the joys of family life,

As you know President Johnson--President Johnson indeed--President Nixon has established an Urban Affairs Council made up of seven members of his Cabinet. He is the Chairman, and the Vice President is Vice Chairman to preside in his absence. I'd particularly like to touch upon five general areas of our concern which seem to be particularly relevant to State issues, and which also share in quality of being at once problems of growth and improvement, as well as problems of negligence and decline, and this is in no specific order. Well, I guess in a special order.

The first concern with anyone involved with American cities is the problem of race. Because at no time in the 20th Century has America been confronted with the historic--not so much division--but with the polarization in American society between the black and the white people, a situation which from time to time seems attenuated only to become more stark and exacerbated once again and we are clearly in for one such period, and there is no question that the cities have come to be seen as an area of crisis and concern because of the great majority of Negro Americans living in cities, more so than the population generally, and typically they live in the central cities.

The areas of concern are ones that are as familiar to you as to us, of course, but I'd like to draw attention to one particular

aspect of this general situation which does seem to be neglected, and I think left with sort of an air of promise and reasonableness to be considered, is the fact that Negro Americans are going through a period of enormous population growth and involved in this, of course, is the public health situation.

In prior periods, the birth rate of the negro was much lower than it normally would have been. The improvement in health facilities, and the change in living conditions have led to a quite startling increase. At one time, it had gradually slowed down, but in the last decade the negro population increased at about double the number of other generations, and we have a situation now for example where one in seven Americans is a negro.

There is a straining among the adult negro population, unlike that faced by the whites. Many of the situations we have now have nothing to do with race, but simply have to do with curious forms of democracy which will work themselves out on their own, and requires perception and understanding on our part.

A second concern in the Urban Affairs Council is what one would do--and Governor Rockefeller came up with a situation several weeks ago--with a phenomenon that he described as the fiscal crisis in the Federal System and what precise measures will be taken, if any, in response to this crisis remains for this decade. However, it is a fact that there is such a crisis which is hardly

to be questioned, and one which Governor Evans was speaking of this morning of imbalance in our Government system thoroughly of our own making which is due to the bias caused by an enormous political/social consequence which I think is finally forcing itself to the attention of the Federal Government.

There is a great problem of Government structure in this society and here, as no other single thing, the States themselves are the source in one sense of the difficulty, and also the source of a possible solution. City governments are really a creation of the States, and there was a period for many years mostly in the 19th Century the structure under which the boundary lines tend to respond to the process of urbanization stopped, and now we have this great problem of the central city surrounded by central subdivisions as all one urban area. But, it is divided politically in different jurisdictions, and tends to assume different political and social casts and which the Government is clearly going to have to try to solve.

The fourth area is one, again, with which you live daily and that is the impact of technology on modern government and modern society. This country, has had an enormous technological change primarily due to the fact that we have a free enterprise society, and great profits have accrued to many. We have a great many millionnaires. However, the physical aspects have resulted in

a great many filthy streams, air pollution, and other things which connect up one to the other and it is a problem that this society has that it has got to face up to technology as the source of our opportunities.

Also, this introduction of technology is having an effect on the equilibrium of our society and, in the end, the Government finds it has problems it didn't create but has to respond to, and in our lifetime the single most important one has been the automobile, and it is nobody's fault, and nobody is to blame, and it has caused changes in our society structure. But, there are corrective measures which can be taken and Governor Rockefeller and others have tried to make those corrections.

These problems become intolerable when their existence is repeatedly ignored, and as is often the case denied, and in this connection I'd like to point out the matter of population increase. The American birth rate is increasing, and it is a fact that by the year 2,000 we shall have added 200,000,000 people to the American population. We are going to have to find places for people to live, and things to do. This is a rate of growth, the magnitude and proximity which is new to American society.

We can do two things. We can act like it is not going to happen, and let it happen anyway, or we can act like it will

happen and try to shape a change; try to give some form to the process, and try to create new views.

Dr. Kissenger has spoken of the necessity for choice. It seems to me that some course of action has to be taken, and it is a choice between what the American people want and what the American Government wants, and there is a limit, and there have to be priorities in our planning to achieve such goals and it is in that general framework that President Nixon established the Urban Affairs Council and give a change which is new to American Government, new to American society, but not new to the deliberations of this group which will ultimately devise the creation of a national urban policy.

This will be a concern of yours at the outset as to what form the policy will take; how quickly it develops; how general it becomes as a subject of public discussion. The time has to come to try, I think this is clear, and I think that the initiative taken in Washington is necessitated by the fact it is to be a national policy, and I can't speak for the Cabinet but I am sure I reflect their views in saying that they are interested in the things that the States have done. The States have been in this field before the Federal Government. Some of these activities are ten to fifteen years old in some of the major States, and we'd very much look forward to an exchange of opinions, of understanding,

of criticism, of combat if you will and come up with something creative to try to make the most of what is clearly a singular moment of opportunity in the history of American Government.

With respect to the exchange between us and you, I would only plead that we can work together, and I want to leave you with a thought that Oscar Wilde said about Niagara Falls that it would be more impressive if it flowed the other way, and anything you have to say I surely will be glad to have it.

(Applause)

GOVERNOR ELLINGTON: It seems that we are really working the Vice President today, and he is used to it, so now I ask him to come back and introduce the speakers for the afternoon session. Mr. Vice President.

VICE PRESIDENT AGNEW: If I were in the Senate right now, I would hope that somebody would ask for a quorum call, but since we don't have that privilege nor can Governor Ellington dispatch the sergeant-at-arms to round up the remainder of the Governors I guess we will just have to go ahead.

I have a great interest in presenting the next Cabinet member to the Governors, because I have grown to know this man probably better in a short time than most. He is a former ranking Republican member on the Defense Appropriations Subcommittee, and well equipped to know where the action is, and also where it isn't.

He served as ranking Republican on the Subcommittee appropriating funds for Labor, Health and Welfare and literally half his life has been spent in elective office. He was elected State Senator at the tender age of 23. He is no stranger to the use of power or the art of politics, or the rigors of public service, and he has given up 16 years of House seniority because of his conviction that this particular Office that he now holds is a vital concern to the nation. I present to the Governors the Secretary of Defense, Mel Laird.

(Applause)

SECRETARY LAIRD: Mr. Vice President; Mr. Chairman; Governors, I am delighted to have this opportunity to just visit with you briefly before we hear your comments and your suggestions, and your criticisms, also your helpful thoughts on how we can do a better job in our nation's Capitol with the new Administration taking over.

^ The overriding responsibility of my new job in the Department of Defense, of course, is to restore and to maintain peace, and I hope that the funds that are being appropriated in this session of the Congress, as well as the funds that have been appropriated since I have been a member of the Defense Appropriations Committee these last 16 years, will be ~~wasted.~~ ~~Because~~ ~~if~~ ~~these~~ ~~dollars~~ are wasted on the systems that we are buying then

we will be making a success of the job of the Department of Defense.

We hope, too, that these weapons systems never have to be used. But, we also know that the job of the Department of Defense is to ~~maintain~~ maintain the national security of this country, and to maintain and protect the safety of our people.

In the last few years, the Soviet Union has embarked upon a tremendous build-up of strategic offensive as well as defensive weapons systems.

During the last 24 months, we have been tied down in Vietnam where we have been investing almost \$30 billion a year, and in view of the priorities which have to be established within the Department of Defense budget this has made it impossible for the United States to go forward with certain weapons systems, and to serve the strategic aims which are necessary in order for us to maintain a position of strength in the decade of the 1970's.

In the last 24 months, the Soviet Union has been out spending the United States in strategic offensive weapons systems by better than three to two, three dollars to two dollars. In defensive weapons systems, strategic weapons systems, in excess of three and a half dollars to every one dollar.

Now, one must understand that to make this kind of a sacrifice in the Soviet Union with a gross national product of

just one half the gross national product of the United States that this represents an effort ratio on defensive strategic weapons of seven to one, and an effort ratio as far as offensive strategic weapons are concerned of six to two.

It seems to me, gentlemen, that we must take this into consideration and we must realize that the world in which we live is not as peaceful a world as we would like. It is not the United States of America that is heating things up in the Middle East, it is the Soviet Union. It is not the United States of America that is supporting the aggression of North Vietnam, to the tune of what our intelligence community says is one and a half billion dollars as compared with the \$30 billion which we have invested in that area of the world. 80% of all the arms and material are coming from the Soviet Union.

We are entering into a period, it seems to me, where the pressure on the Soviet Union is such that it is going to have to draw back economically from the vast investment which it is making in its defense posture, and strategic offensive and defensive weapons, and we must capitalize on this. But, we must maintain our strength, and we must be in a position where we do enter negotiations in the next year from a position of strength.

There are many things about the Department of Defense that I believe, just in a short period of time, need to be

overhauled. One of them is there is certain activity going on in the Department of Defense that should be transferred outright to the Department of Health, Education and Welfare as far as some of the social research programs which are being financed in our colleges and universities, and using the Department of Defense in the research and development budget to do it. These should truly be handled in other departments.

Project Volunteer is a project which we have going now to upgrade the compensation as far as the military is concerned, and the President of the United States has indicated that we will move in the direction of volunteer force levels just as soon as practicable. I think it can be anticipated that in the very near future he will establish a commission to study movement towards a volunteer force.

It seems to me that the Governors of all of our States would be interested in the very effective and, I believe, exhaustive budget study that is going on in the Department of Defense with a view of perhaps being able to make some reductions as we go into the Fiscal Year 1970. That budget study is being handled by the new Deputy Secretary of Defense, David Packard.

I want you to know that here's a man that has tremendous capabilities. He has been the President--I got to know him first in 1958 as the President of the Board of Trustees of Stanford

University and he will make, I believe, the strongest administrator that the Department of Defense has ever had and this budget review which he is carrying out at the present time is an exhaustive one, in which we are studying the SENTINEL system and the Y5A and the various new weapons systems, and the funding of those programs for the next decade.

This is going hand in hand with the new strategic systems analysis as far as our conventional forces are concerned, and as far as our strategic offensive and defensive weapons systems.

I think we have gotten off to a good start in the Department of Defense, but when one looks at the tremendous scope of this Department with its \$80 billion budget; with its 4,800,000 employees, I am sure that all of you as Governors and Chief Executives of your States realize that this is a very difficult, indeed a very large job.

I have been the critic, I have been the legislator, for these past 22 years. I am trying to make the change from being a legislator, a critic, a questioner, to being that of the Secretary of Defense and occupying the position in the Executive Branch of our Government. I think I can make that change from legislator to the Executive Branch of our Government, but I respectfully solicit all of your help and your support during these important four years. Thank you.

(Applause)

VICE PRESIDENT AGNEW: Thank you very much, Mel. Is there a question for Secretary Laird?

GOVERNOR WARREN E. HEARNES: Mr. Secretary, if I am wrong correct me, but you spoke of negotiations from strength. I believe the President used the terminology that he wanted to maintain sufficient strength, or adequate strength, and I don't quarrel about the words whether it is sufficient or adequate. But, I think however that looking at it from the standpoint of the Secretary of Defense that sufficient strength, or adequate strength, to me doesn't mean that you just look at the balance between the two nations--between the Soviet Union and the United States--or between any other possible adversary.

The Soviet Union is a closed society, and what is sufficient against a closed society where we don't have full knowledge of everything that they possess? What is sufficient and adequate sometimes means different things in the way of a defensive posture.

SECRETARY LAIRD: As Secretary of Defense, if I am going to err I am going to err on the side of safety of this country, and on the side of the strength of this country, and I think this is the responsibility under the Secretary of Defense.

GOVERNOR HEARNES: Mr. Secretary, I am not trying to be

political but I did hear some views expressed on television where one of the newly elected Senators contrasted the previous Administration as being different in its use of the word strength. Now, I don't want to get into a comparison between Administrations or anything like that but, actually, I have heard that before that we want to negotiate from strength and I hear you saying it again and yet I have heard on television from the Senator that this was a different attitude than the previous Administration.

SECRETARY LAIRD: Well, it is a question of semantics here. Donald Quarles, who was Secretary of the Air Force in the Eisenhower Administration, first started talking about the term sufficiency and this is the term that was used.

Now, whether you use sufficiency or adequacy, or any term, I don't think those terms are too important. I think the question is that we just have to be in a position where the United States is strong.

GOVERNOR HEARNES: It just resolves itself back.

SECRETARY LAIRD: I think so.

GOVERNOR ELLINGTON: Thank you.

VICE PRESIDENT AGNEW: Thank you, Mr. Secretary, I'd like at this point to call on your former colleague and mine, the former Governor of South Dakota, the new Director of Inter-Governmental Relations, Nils Boe.

(Applause)

MR. BOE: Mr. Vice President; Mr. Chairman, distinguished gentlemen, if some of the speakers up here this morning hesitated to speak because of only 30 days experience in office, I think I should be honest with you and say that with less than four days tenure in office I shouldn't even be up here at this time. But, I do want to take this opportunity that the Vice President has given me to assure you that I am indeed happy at the opportunity of renewing my association with the Governors and their staff, and I certainly look forward to a period of the months ahead in which we can collectively put our shoulders to the wheel, and accomplish that which I know many of us have talked about for the past years that I was in office.

I do want to take the opportunity to thank you, and to thank the many other members of this Governors' Group for the well wishes that they have extended to me in assuming this Office. It is indeed very heartwarming. There are certain Governors who were a little bit more practical, one I had a visit with sometime ago and he said he didn't think that I needed any well wishes. He thought I needed condolences, and that may be correct. And just last night one of the Governors remarked that he never appreciated the length that one Governor might go in order to secure an invitation to the next Governors' Conference to be hosted by

John Love at the Broadmore Hotel in Colorado Springs. I hope to be there at that time.

Seriously speaking, I would like to say that the Vice President most clearly this morning stated the objective of the President, and himself, with respect to the creation of this new Office of Inter-Governmental Relations. I think there is not a Governor here who in conference after conference over the years has not reiterated the same beliefs shared by the President and Vice President, namely, in order to have efficiency; in order to have economy in government at every level of government--federal, state or local--it is necessary that we have the fullest and most complete partnership in accomplishing that purpose. To this end, that Office shall be dedicated.

Now, it is not our intention to assume the task of going into the States and telling you, as Governors, what should or should not be done. It is certainly not my intention as the Director of this Office to even pretend to be determining any policy, and most certainly it is not the purpose of this Office to supercede any of the Departments or Bureaus, or Agencies, of the Government which have been conferred the jurisdiction with respect to certain matters by statute or Presidential jurisdiction.

Rather, it is our purpose as the Vice President stated this morning to serve as a means where we can come into the States, and

when necessary talk with you, and to translate your problems with respect to the administration of the many programs back to the respective Bureaus and Agencies of the Federal Government.

Now, we have spoken about this on many occasions and probably in very platitudinous terms, and I am afraid they have been platitudes in the past because if you will recall about a year ago, when we had a conference such as this, a remark was made by one of the speakers that he was beginning to realize that in his office he was isolated by three or four, up to five, levels of insulation and the message was not getting through from the States to his office or to him, and in return maybe his words were not getting through to the Governors of the States.

It is for that reason that we would like to have the opportunity to translate what your needs are; what your requirements are, back to the respective Bureaus and at the same time I should like to ask, in trying to perform this duty, that the respective Secretaries of the Bureaus and Agencies would allow our Office to have the opportunity to visit with them, visit with those people who are determining the policy in their respective areas.

So I say, gentlemen, it is a pleasure for me to undertake this task. But, I do so full well knowing--as many others have said today--that I must have the fullest cooperation. I must have

the help and assistance of every Bureau and Department, and Agency, of the Federal Government and I certainly need the help and goodwill of every one of you Governors, and every one of your officials at the local level of government in your own States.

With that, I would hope and pray that this newly created office could be the catalytic agent; yes, Mr. Vice President, and that would open up this artery of communication and would permit the partnership of purpose and effort that is so necessary to achieve the common goal that we are all striving for. Thank you very much.

(Applause)

VICE PRESIDENT AGNEW: The next gentlemen I'd like to present is a member of the Cabinet, a very distinguished member of the Cabinet; he was Chairman of the Board of the Continental Illinois National Bank. Secretary Kennedy moved that organization from Chicago's number two to number one banking institution, and this proves that he not only tries harder but succeeds better.

He is a graduate of George Washington University. He spent sixteen years on the Federal Reserve Board, winding up as Special Assistant to the Chairman. He served the previous Administration as Chairman of the fifteen member Commission which recommended widely acclaimed changes in the preparation of the

Federal Budget; former Chairman of the Council of Economic Advisors during which time Walter Heller described him as "a conservative, but modern and humanitarian." Secretary Kennedy.

(Applause)

SECRETARY KENNEDY: Thank you very much; Mr. Vice President, Governor Ellington, it is a pleasure for me to be here. I was visiting just before the meeting with Dr. Moynihan and he has a real Irish wit, and he was saying that most of the problems you have I could solve by just reaching in my hip pocket, but I happen to be of Scotch descent. A Scotch Kennedy instead of Irish.

I'd like to talk to you for just a few minutes on a real and very serious problem, and one that we are concerned with. The growth of our federal system of government has brought with it widespread, and interweaving of its operations with those of State and local governments.

In the present Fiscal Year, the Federal Government is contributing nearly \$21 million in grants and aid to State and local governments, through more than four hundred separate authorizations which go through almost every one of the Government departments and Government agencies. In fact, the Federal Government is providing funds equivalent to about 18% of the State and local expenditures as reported in the National Income Accounts.

Scarcely a day goes by that some Governor or mayor isn't publically airing the financial plight of the State or of the local governments. I am sure that is not an exception in Illinois. We know the troubles of Governor Ogilvie and the financial situation in Illinois, and we heard some of that from Governor Rockefeller in Washington recently.

Their lamentations are largely justified, because many of those States and local governments are in fact in deep financial trouble. The problem, I believe, is rather simple. The public needs and demands on State and local agencies are rising faster than their revenues, their sources of revenues. Thus, despite the efforts to hold the line on these spending programs the legislatures, the Governors, municipal officials, are constantly seeking new revenues from the tax base which are not rising fast enough to answer these needs.

In a federal system such as ours, the question of federal, state, local fiscal relationships is a perpetual one because of the distribution of functions and tax resources between the various elements of government that cannot be perfectly matched as between them.

The growth and needs, and demands, for public services in a prosperous growing economy--increasingly urban as it is--brings to the forefront the brunt of the problem which the State and local

governments face in financing services which have traditionally and historically been their responsibility. This has recently brought about a considerable discussion of the size and the form of federal financial assistance to State and local governments.

Now, with this brief background let me talk for just a few moments about some of the measures being debated both publically and with the councils of government. Let me also say, here, that this discussion is not meant to give anyone the impression of placing more emphasis on one or two proposals by relegating to second place other proposals on the list. This discussion is completely inclusive, because there are others that I have not mentioned.

There are a number of very important, worthy, proposals which will--and let me assure you of that--receive the most penetrating analysis this Administration can provide.

In anticipation of the post-Vietnam period, there has been and is much public discussion of the peace dividend and the growth dividend which would be expected to be available to the Federal Government. I, personally, believe these so-called dividends are grossly overstated. It reminds me of a family, with a bonus increase coming in and they will be on easy street once they get the bonus, or the increase in salary, only to wake up and find that the little wife says, "I thought you got a raise,"

but the raise had already been spent, or used otherwise. So, I think there are two areas in this that will take away some of the dividends that are being talked about.

There are programs waiting right now in the wings to get part of these funds. We are learning of many proposals for new forms of federal aid, including the block grant; the broad categories of expenditure such as sharing a percentage of the federal income tax revenues; federal income tax credit for State income taxes; federal assumption of a greater and increased responsibility for certain major functions such as welfare, and education.

With respect to proposals for revenue sharing, or general support grants, your Committee on State and Local Revenues has done considerable work and has developed general criteria for such a plan, and alternative types of plans, to meet these criteria. You are fully aware of the problems of allocating funds among the States and to the cities, and other governments even within the States.

The organizations representing the cities have also developed specific proposals which they have asked us to consider in our studies of these problems. The recent studies of the Advisory Commission on Inter-Governmental Relations in connection with the Fiscal Balance Study, and the report of the National

Commission on Urban Problems, I am sure would be useful and helpful to us.

One alternative suggestion for helping State and local governments to raise additional revenue is a federal income tax credit for State and local income taxes. Under such a plan, persons filing a federal income tax return would deduct from their federal tax part of the State and local income taxes or all. The effect of such a credit on State and local government finances is to reduce the burden on state and local taxpayers from these taxes.

The Federal Government, and indirectly the taxpayers of the entire nation, would share in the tax burden of each individual State and locality. Tax credits have been used to encourage use of certain taxes by States. Credit for State debt taxes against estimated taxes, as an example, plans for such credit have been worked out by the Advisory Commission on Inter-Governmental Relations by the Committee for Economic Development, and by others, in consideration of such credit.

It must be remembered that State and local income taxes, as well as State taxes on property and property taxes are already deductible from federal taxes, and to the extent of the value of the deduction the Federal Government is now sharing a portion of the State and local tax burden. For example, a taxpayer in the 50%

bracket now has half of his State income taxes paid by the Federal Government.

It is estimated that the deduction of income taxes alone for this results in the Federal Government paying approximately 29% of each dollar collected by State and local income tax officials today. The effect of a credit would be to provide Federal income tax payers a more generous writeoff of their income tax payments than they now obtain by itemizing this deduction.

In this context, let me just point out that in 1968 the loss of federal revenues arising from this deduction for State and local individual income taxes amounted to approximately \$1.4 billion.

Some of the problems with respect to an income tax credit are that the credit may be viewed by some as a coercing the States not to adopt other tax measures. The States which do not have now a personal income tax, and some other state and local taxes should also be made eligible for this kind of a credit.

A tax credit would have a very different initial impact in a State without the present income taxes. Residents of States which now have an income tax within it would, in the first place, get relief if there were no change in tax rates. The State, itself, would have no additional revenues until they increase their tax rates. They'd have to increase their tax rates. A Governor of a State which already has an income tax would have the

choice of permitting residence of the State to enjoy the benefits of the reduction, or proposing additional income taxes of which part would be offset by this credit. The State needs more revenue, and political considerations would be expected to influence his choice.

Fifteen States would have to enact new tax laws to benefit. At this point, let me repeat that this recital of these particular examples of alternative methods of helping State and local governments is not to be taken as an outline of things to come, or even of the immediate future. I cite them only as evidence that to discover new directions in these important areas of assistance beyond the federal level is a very highly complex matter, with many facets, and needing thorough exploration and study.

As you know, the Treasury is now exploring tax reform measures and expects in due course to present recommendations to the Congress of the United States, and hopefully some tax reform will be passed by the Congress this year. But, I would not expect this legislation to break any dramatic ground in the areas of federal, state, local and fiscal relations.

However, this area is obviously a crucial part of the overall tax problem and it will receive high priority in our long range discussions and tax studies. However, we must keep in mind three things. First, while we investigate these very important

problems we must remember there will continue to be demands for federal budgetary resources, especially while hostilities in Vietnam continue at their present level.

Second, in the present inflationary climate it is important that our budgets have a surplus. The fight against inflation is for everyone, including State and local governments. We are obliged to pay high interest rates; meet heavy wage demands, and ever mounting capital expenditures. Controlling inflation will require controlling the growth of expenditures in the federal budget. Controlling inflation is probably one of the most single important contributions that the Federal Government can make at this time to a healthier State and local situation.

Third, I believe this is the key element to achieving success in this particular area while our own exploration and dissection continues to go on.

We, in the Treasury, will welcome any assistance you can give us individually in your own situation or collectively as Governors. By working together we will, I believe, select the wisest choice of alternatives in this field and believe me I know first hand from my work in Chicago of some of the problems that you are facing in this very, very, serious area. I thank you very much.

(Applause)

VICE PRESIDENT AGNEW: Another individual famous for twelve hour days, and sixty-five hour weeks which I think has been changed to fourteen hour days recently, and who has the stability that I admire, when we sit around at meetings with Bob Mayo and everyone mentions how much more money a particular program is going to take, and they all look at him and say, "Yes?" And he is always able to smile, and sort of cover over the more serious attitude he is supposed to reflect.

Born in Seattle, educated at the University of Washington, he has taken great pride in having visited 49 of the 50 States, and he is still trying to get to Hawaii. Bob Mayo.

(Applause)

MR. MAYO: Thank you, Mr. Vice President; Mr. Chairman, distinguished guests, speaking of smiling as a Budget Director I must admit that the day before the inauguration, one of the first Governors I met was Governor Whitcomb of Indiana, and the Governor said, "I am glad to know you, Bob, can you do me a favor?" Well, this was the day before inauguration and I knew that starting with inauguration day I must never answer that question yes without finding out what was behind it. But, the day after inauguration I said to the Governor, "Why, yes," and he said, "You know, I wish you could talk to my budget director. It is sort of a funny thing, he is subject to crying spells." I haven't quite

gotten to that stage yet, Mr. Vice President, and I hope the smile will endure through the crying spells, and I hope I don't have any, but I do know that the Budget Director--any Budget Director--who wins a popularity contest better quit before he is fired.

Federal financial aid to State and local governments, as Secretary Kennedy mentioned, is approximately \$21 million at the present time and this has undergone a tremendous growth in the last decade. However, the States and their constituent local units of government traditionally raise from their own resources four to five times the amount of federal aid, and as we all know in this way they can maintain and get the public services primarily for their citizens.

By tradition, and by preference, most of the domestic public services are actually performed at the level of government closest to the intended beneficiaries, and that is the way it should be, including grants. States, in 1967 for example, administered one-quarter of the civilian domestic services in this country. Of course, highways and higher education and welfare particularly, the local governments administered 43% and this was predominantly for elementary and secondary education, and the Federal Government 32% which was for primarily postal services, agriculture and natural resource programs. This is other, of course, than military.

Now, this Administration came into office with a strong commitment to governmental reform, and with a particular desire to strengthen inter-governmental relations. The designation of the Vice President to direct the new and coordinated Office of Inter-Governmental Relations is an immediate evidence of this objective.

To quote the President in regard to basic philosophy of Government management which, by the way, is a particular responsibility of the budget bureau in its Government-wide activity, "I plan to do a streamlined federal system, and return to the States, cities and communities the decision making powers rightfully theirs. The Presidency is a place for priorities where goals are determined, and we need a new attention to priorities and a new realism about goals.

"We are living in a time of great promise, but also of too many promises. We have had too much wishful imagining that all the ills of man could be set right overnight merely by making national commitments. We undertake our task, then, of basic reform of the inter-governmental policies and programs of the Government acutely aware of the urgent need to reexamine American federalism. At issue, here, are fundamental tenants of Government involving the participation of citizens in the political processes of our large and complex free society. "

"The new Administration regards as its most basic objective to reform the Federal Aid System. First, we must define the inter-governmental objectives which this system should seek to achieve. To strengthen state and local, and public, institutions recognizing their primary responsibility is to the citizens. To enhance the capacity of State and local chief executives to coordinate, and direct, the resources available for State and local problem solving," and we feel this strongly, "To promote the strengthening of State and local revenue systems, and to encourage innovation and a demonstration of new ideas and techniques."

The federal categorical grant, the principle tool of fiscal federalism, has had near explosive growth in the last five or six years whether measured in terms of the number of grants and dollar magnitude, or the effect on inter-governmental relations. While categorical grants have proven to be effective in many instances, their rapid growth has caused serious problems in terms of a bypassing of elective chief executives in terms of overlapping programs, and duplication at the State and local level; in terms of inflexibility and distortion of State and local budgets; in terms of administrative costs that are additional, and program delays and uncertainties, as well as an information gap with available grant programs which is difficult to close.

Again, there has been a severe competition at all levels

for capable administrative and technical personnel. So, we agree the time has come for major reform.

Now, inter-governmental policies of the Federal Government should move toward responsible decentralization both in terms of our field organizations, to get them glued together so to speak, and in terms of our relationships far more frequently money-wise with you gentlemen through the Office of Executive Management, which is a major and recently greatly strengthened area of the Bureau of the Budget at the President's personal request.

Our activity will be focused in large measure on widely needed changes in the federal grant and aid structure. This whole subject is being assessed at the highest levels of the Government, with the Bureau working closely with the White House. We have already identified priorities, and we are going forward, and it will be judged by the results as we move forward. But, let us not expect results the day after tomorrow. It may be a little longer than that.

The Bureau, with the assistance of other federal as well as State and local agencies, is now actively engaged in a number of actions designed to improve the administration of grant aid programs and, hence, our relations.

Let me list some of these: grant aid simplification; consolidation of grant aid; solving problems caused by delays in funding grant programs; shortening the processing time of grants

and aid applications; increasing consultation with State and local government officials, especially before regulations are issued; improvement of grants and aid catalogs; uniform determination of allowable costs for grant programs; identifying and solving inter-governmental problems in the efficient use of management of information systems, and consideration of inter-governmental manpower needs.

Last, and certainly not least the Bureau of the Budget has the responsibility of formulating, initially, and issues rules and regulations to implement the recently enacted Inter-Governmental Cooperation Act. Again, I caution that this does take time.

Before I conclude, I must be fair with you in my own appraisal of the environment which we seek to make the most appropriate allocation of resources. This is along some of the same thought patterns that Secretary Kennedy gave you, but I must say it too.

As we are all aware, the ability of the Federal Government to come up with a satisfactory program to meet the most critical State and local needs is tied directly to our own success at the federal level in doing a proper job of resource allocation. Other restraints in the federal budget are severe, as Secretary Laird has just mentioned. The commitments in Southeast

Asia, alone, are in the neighborhood of \$30 billion a year. We are operating in an economic environment which cries out for a strong anti-inflationary policy, and so far as we can tell today the income tax surcharge enacted last June probably will have to be extended.

Once peace has come to Vietnam, and inflationary pressures hopefully have subsided, we must remember that the President has indicated his conviction that the surtax should be removed. Many of us also hold out some hope that there will be other tax reductions which, in themselves, should open the door for State and local governments to consider their requirements locally, and at the State level, for additional taxation.

The needs of the States, and their cities, will have very high priorities as we make our fiscal plans both today and post-Vietnam. There are other claimants, too, and some of them also have very high priority. I refer to federal spending which will rise in response to the growth of our population; to the pledge that the Secretary of Defense has just made in keeping America strong; to the proper development of natural resources, and to the entire world of science for that matter.

Regardless of our best efforts to improve the organization and management of government to enhance its efficiency, the demands for governmental services never seem to end and the choices must be

made between and among the competing programs. This is the kind of selective selecting out which you gentlemen, as Chief Executives, are fully used to doing. Nevertheless, I hold great hopes of achieving real progress in improving the fiscal relationships about which we are all concerned.

This Administration is dedicated to make our system of American federalism work well in behalf of the people it serves. We have already begun intensive efforts to establish the closest kind of working relationship with our Government, with you, and other public officials in this nation. We shall continue these efforts.

For my part, the Governors and their representatives will always receive my interest and attention to their problems and needs which, in the final analysis, are the mutual concern of the States and the Federal Government as they serve our people. Thank you.

(Applause)

GOVERNOR ELLINGTON: Are there any questions?

GOVERNOR RAMPTON: We have been getting a great many new federal programs, of course, available this year in the States to aid in funding of cooperative programs and because of the fact that the Federal Government has been lenient in allowing this in kind matching they have often been able to meet the demands for

matching money to the States on an administrative level without calling the legislatures in.

But, our legislatures more and more are going to want to be concerned with the question of State budgets and how the federal matching funds fit into them. The percentage of federal participation is much higher than Secretary Kennedy mentioned a few minutes ago. His figure was an average national figure, and in my State it was about 26%, and as I stated the legislature is more and more wanting to become involved in this. So, first, as a long term objective if we could--as Governors--have a responsibility of preparing an administrative budget to submit to the legislature, if we could know at least a year ahead of time what the prospect is for the various programs realizing, of course, that the Congress doesn't always do what the Director of the Budget asks them to do, it would be very helpful to us.

In regard to the immediate program, most of us have legislatures in session now that are in the last third of their legislative session. I suppose that most of the Governors here have, as have I in preparing the executive budget to present to the legislature have used the Johnson recommendations on the assumption that we will be somewhere near this.

But we have had some uncertainties, of course, in view of the fact that there is a new Administration and in view of the

fact that the President has indicated that in all areas he wants to reexamine the budget. If we could, and you said you didn't expect to have the answers the day after tomorrow, but if we could have them by the first of the week or by the first of the following week, or have some indication in regard to the major programs particularly in the field of health, education and welfare, if we could just have some indication as to whether there is to be a major change it would help us a great deal in recommending, or submitting, to our legislatures any supplemental budget information that we may care to send to them in the last days of the session.

MR. MAYO: This is a tough one to answer, Governor. We are engaged in a budget review right now. I sent letters to each of the agencies, not just the Cabinet, but all of the independent agencies too on the 23rd and 24th of January. They have had about a month to answer them. The answers are beginning to come through but slowly. We hope to have most of them by next week.

This is the first step in the budget review which, of course, must then take the recommendations of the agency and then my staff massages them and puts them together to see what they add up to. Only then can we make a more appropriate determination as to whether the size of the total is the kind of answer you are looking for in terms of the fiscal responsibility pledges that

the President has made very firmly. Out of this that I have said, it is important to say but I know it does not answer your question specifically.

We have to go on the same assumption that you have suggested here in our early discussion of the budget, taking it as it is, and working it from there. I cannot say at this stage to what extent there may be revisions in some of the grant programs that would be involved here. I would think that for the immediate future your working assumption is as good as any until we can come up with something better for you.

We will obviously have to have some answers before we get too late into the spring if we have any intention to ask the Congress to extend the surtax, but that is about the only encouragement that I can give you at this point in terms of the short run planning.

On the longer run, we also have a problem meeting your suggestion--which I can see why it would be fine from your standpoint--to know a year ahead what we could plan on. However, if we were to do this it would box in the Congress as well as the Administration I think a little more than it is quite feasible. In terms of our planning, we can give general guidelines and we do allow eighteen months, of course, each January. But, to be more definite than that I think is perhaps at the present stage of

technology, shall we say, a little bit too much to expect of the system.

But, we are working in the same direction that you are on this. It will take us a while, I think, to be able to come closer to the kind of goal that you suggested.

GOVERNOR RAMPTON: Could I respond to that for just a moment. Each of us know the problem, because each of us have to make a budget to present to our legislatures and we know that until the budget is finalized that any item in it is subject to some revision; that has to be.

However, we have a certain flexibility generally in the appropriation bills that are passed by our legislatures. We can adjust within certain limits, and so we wouldn't certainly expect you to meet any deadline that we have as far as a definite recommendation is concerned.

But, if we could get within the next few days some sort of an indication from the Bureau of the Budget, or from the Administration, particularly in the field of health, education and welfare that the deviations from the Johnson budget would be minimal I think it would give us a great deal of assurance in moving ahead in the last days of these legislative sessions to tell our legislatures that the recommendations that we have made up to now are at least in the ballpark.

MR. MAYO: Yes; I can appreciate your point, but my answer must be that I have not seen, at this point, the HEW submission in regard to the 1970 budget on the revised basis. So, anything I say would be out of order. As a ground rule, however, indicating as you have that there is flexibility possible here, I suppose a rule of thumb would be that you take your chances with what you already know from the budget document in January knowing that not only is this suspect and susceptible to some change by the Administration, but it will also be subject to the usual debates and careful consideration in the Appropriations Committee on the Hill. So, this is a type of flexibility that maybe you have to bid just a little more this year because we have a new Administration than you would in a more normal year.

GOVERNOR NELSON ROCKEFELLER: I want to thank you and Secretary Kennedy for your understanding of our problems, and sharing our thinking. I think all of us recognize that the legislation that you pointed out must be number one, and that the military requirements must be met, and those take priority.

One point and that is that you mentioned the difficulty of trying to meet all of the needs, and then you mentioned a tax reduction. This is what worries me, if you mean you can't meet your needs how can you have a tax reduction? I think the only point that wasn't covered by both you and the Secretary, fully and

completely is the problem of competitive tax differentials between States. The question of a tax credit might be picked up, but it so happens in our States the legislature is considering this year--and I am sure will act on it--the sixth tax increase in eleven years.

Now, we will be the number one State in taxes on personal income and we are finding ourselves in a position of not being able to go further without adversely affecting the competitive position as far as industry and business is concerned in relation to other States. Therefore, when you talk about a tax reduction talk about instead sharing more of your money with the States and local governments, they being in the fiscal crisis that they are. It seems to me there is a problem there that certainly needs to be given more consideration.

MR. MAYO: I would merely say, Governor, that I would list the question of tax reduction as one of the claimants competing for the taxpayer's dollar, so to speak, along with the problems of our cities and the welfare programs, and science and military, and of a growing economy and Government. It is not something separatable, it must be brought into this equation too and we don't know how these things are going to come out yet.

I am sure that no one of them is going to get what its proponents think it should get.

GOVERNOR ROCKEFELLER: One thought on that, I appreciate your comments. I know, of course, that the sympathy is with the taxpayers but I do think we should recognize with the gross national product here, taxes in the United States are lower than virtually all of the European countries so we are not over extending ourselves in that sense in relation to what is taking place elsewhere.

MR. MAYO: This may be one of our great national strengths.

GOVERNOR ROCKEFELLER: I am sure it is, as long as local governments and State governments don't go under.

VICE PRESIDENT AGNEW: Sitting here listening to this exchange, it makes me realize how difficult my job is going to be, Nelson, because I am very sympathetic to the points you are developing there and having dealt on the other side of the fence I know what Cal Rampton is going through trying to figure out what the impact of the change is going to be on him.

Yet, I am seeing things a little bit differently from the inside. It has a tempering effect, as everyone who has been in that position knows. All I can say is we want to work with you to meet this problem, and in the final analysis the efficient use of our money is what we are all working for and whether that involves for the time being a tax reduction is difficult to say.

But, certainly the improvement in the quality of services

and the yield we get from what we spend should be a common objective to be considered as the number one priority before the technicalities and movement from one side of the ledger to another occurs. I think Bob Mayo recognizes that better than most anybody here.

Before I call on our final speaker today, I'd like to draw the attention of the Governors to a reproduction of a letter addressed from Father Hesburgh to me, in response to the President's letter to him, concerning campus disorders. Obviously, there is no time for an adequate discussion of this subject today. But, the President is tremendously interested in having your comments and I would appreciate it if you would funnel those to me as quickly as possible within the next week. It would be very helpful to receive your opinions.

I want to call your attention to Father Hesburgh's letter which is written with great sensitivity, and great restraint, by a man who obviously loves the academic life and the protections of it which this country has so ably guaranteed over the years.

I quarrel not one whit with Father Hesburgh's conclusion. The point he makes twice, just because it concerns him greatly, is that the universities must govern themselves, and they must know when to call for assistance the same way they would know when to call for help if a three alarm fire broke out on the campus. He

He is the man who is involved in condensing and refining the great conglomeration of specific opinions that should go to the President, and assisting in the development of the bigger picture, and the big policy recommendations that any Administration sooner or later has to adopt as its method of action and course of direction.

He served as Chairman of President Eisenhower's Council of Economic Advisors from 1953 to 1956. He has been a continuous teacher of economics since 1927 and most recently John Bates Clark Professor of Economics at Columbia University, and Honorary Chairman of the National Bureau of Economic Research.

He has also followed a parallel career as advisor on national economic policy to the Federal Government. Credited with being somewhat of a visionary, he predicted the recession of 1960 which some opinion has it that it cost President Nixon that election.

He now serves as Counsellor to the President, and could be described as a minister without portfolio. I think you will find him stimulating, and I believe as this finishes the business of hearing about the Federal Establishment as it presently exists that you will be stimulated and anxious to keep thinking about all of the perplexing problems that face this Administration. Dr. Arthur Burns.

(Applause)

DR. BURNS: Mr. Vice President; Governor Ellington; Governor Rockefeller; the Governor of my home State, and the Governors of the other great States. I have listened to this discussion this afternoon on fiscal policy, and our defense program, and I found myself becoming more and more discouraged and I wonder what I can possibly say that could bring cheer to this.

I am afraid I can't be very optimistic, and yet I would like to introduce a note of hope; a greater note of hope, than I think I detected in our earlier discussion.

Listening to Secretary Laird I discovered that he is a large claimant to the federal budget, and he will remain a very large claimant, perhaps a larger claimant than the Defense Department has been until the recent past even.

Listening to Secretary Kennedy, I think he indicated quite clearly that while revenue hearings, or tax credit revenue hearings, are not to be excluded from consideration nothing in the immediate future can be reasonably expected and listening to the Budget Director, I heard a Budget Director's typical speech. He must crush the demand for--additional demand--for expenditure.

Now, what can I say on the question that concerns us? I don't think I am really getting away from the question in expressing my personal opinion that sometimes we devote too much

time, too much energy, to questions of finance. You have finance problems in your States, and certainly in your local communities. We have financial problems, now, in the Federal Government but I think that far more important than these financial problems is a certain sickness that has gripped our society.

Many of our people have lost faith; lost faith in the old legends, old myths, and even in our basic institutions. Many of our people no longer have faith in the church; many no longer have faith in the family; many no longer have faith in the press; many no longer have faith in our schools and colleges, and many we must recognize no longer have faith in the governmental process in our States, and in our cities; the governmental process at the federal level as well, and this is a question that some of us in the Federal Establishment have been giving much attention to. I know I have.

What can we do in the Federal Government, now, to help restore faith in the governmental process? Our answer, thus far, is not as clear; not as persuasive; not as cogent as I hope it may be in time. But, we are trying to do some things. For one thing, we have said we want to run an open Government; sharing our thoughts; informing the people as we go along of our achievements, and also of our mistakes.

We are hoping to move, as Secretary Laird has indicated,

as the fact that I can't grasp intellectually the kind of grant and aid systems that we have developed. Now, I get a great deal of mail from citizens all over the country and this seems to be a problem for many of our citizens. They don't understand our governmental structure any longer and from the viewpoint of good government, if nothing else, we must try and try very hard to simplify the grant and aid structure.

Now, that means as we move legislatively this year that we must seek to consolidate grants according to the existing statutes, for example, the Elementary and Secondary Education Act. As these statutes are extended, we must seek to consolidate grants and insist on joint funding. Beyond that, I think that we must think very seriously and act upon the recommendation that has been made by the Governors to seek a reorganization authority, under which the President will be able to consolidate grants subject to disapproval by either the House--Senate or the House of Representatives--within a period of sixty days.

We will move in these directions, and I hope we will move very energetically and if we don't--if we don't--we will be fit subjects for criticism by you Governors and by the citizens of the country.

Now, I have one further word to say and it is only this. That we intend to rely more heavily than the past

Administration did on voluntary effort, and I think the time is right for that. I speak as a New Yorker and if I am wrong you correct me, Governor Rockefeller, and I see a profound change in the thinking of our business community in New York.

Ten years ago, five years ago, our businessmen weren't aware that we had ghettos and that we had social problems. They considered these problems as being of interest and importance to our charitable and philanthropic institutions, or as being subjects of importance to State, local or the Federal Government. It was none of their concern.

But, the businessmen in New York--and I speak of the upper crust of the business community--the businessmen in New York have come to realize within the past two or three years this is a problem, and I see a revolution in their thinking. They have come to realize that the caring for our cities is a business problem; that if our cities continue deteriorating as they have there is simply no future for business enterprise. So that, now, very many of them have embarked on extensive programs of providing jobs for minority groups, and some remarkable things have been achieved in New York City by individual institutions in this direction, and I believe that with vigorous Presidential leadership a massive voluntary program can be organized in this country, and that private enterprise will help, and help on a large scale, to solve

the massive social problems that have developed in our communities.

Now, I may be excessively optimistic about that but I do feel that unless the private sector is involved, and involved to a far larger scale than it has been, and I think if the leadership is right, and unless we are all more heavily involved, that the chances are that merely spending more Government money will not accomplish the objectives that we seek, and that we must realize this if health is to be restored to our society. Our society is suffering from a real sickness today.

Now, one more word about our thinking at the federal level at the present time. We do intend, this year, to move for legislation that will stimulate job training efforts, and that will stimulate business investment in poverty areas through carefully designed tax credits, and that legislation is at present being prepared and I am moderately optimistic that it will prove very helpful to our nation and, therefore, very helpful to you Governors and very helpful to your communities so that the demands on the States, you see, may themselves be reduced through these private efforts of a voluntary character, and also through the private efforts that will be stimulated by the tax credits that we hope to legislate.

I wish I could bring you more cheer. I have done as well as I can, and I do hope that you will send me as well as others

in the Government your criticisms; tell us the things that we do wrong, that are unsatisfactory. We are eager to learn, for your sake and for our sake, and for the sake of the many people that are suffering. Thank you.

(Applause)

VICE PRESIDENT AGNEW: Thank you, Dr. Burns; are there any questions of Dr. Burns? If not, gentlemen, that concludes the presentation of the policy making echelon of the new Administration.

I want to express my appreciation to you, Governor Ellington, for giving me this chance to bring at least an idea of the directions we intend to proceed. I am certain that we have been overbearing in the amount of time we have consumed in expressing our opinions.

Hopefully, the next time we get together our actions will have provoked reasons for more discussion. I am not sure that it will all be in the way of agreement, but certainly we will have a free exchange and thank you very much, gentlemen.

(Applause)

GOVERNOR ELLINGTON: Thank you, Mr. Vice President, and I want to thank our speakers today. We appreciate your being here so very much and, Dr. Burns, it seems like you will get criticism from the Governors; don't worry about it.

Gentlemen, we are going to have a business session. We

have to hurry along, but I trust it will be brief. There are two items that are recommended by the Executive Committee. I'd like for you to let us take up, first, if you please the action on the proposed revision to Articles of Organization. I will ask Mr. Carihfield to come forward and read from the revisions and explain them to you.

MR. CRIHFIELD: (Reading)

"The Executive Committee proposed that the following language be substituted for the present language of Article VII:

ARTICLE VII
POLICY STATEMENTS

Statements reflecting policy positions of the Conference shall be in the form of summary statements prepared by conference committees as an adjunct to their committee reports. Such statements shall be submitted to the Executive Committee and to all Governors not less than one month prior to an annual or special meeting of the Conference. The Executive Committee is authorized to submit such statements, with or without amendments, to the Conference for consideration. Policy statements shall be deemed adopted upon obtaining a three-fourths favorable vote of the Conference. Floor amendments shall require the same majority vote. Any Governor desiring to submit a policy statement for consideration shall do so by transmitting the substance thereof to an appropriate committee chairman not less than two months prior to an annual or special meeting of the Conference."

GOVERNOR ELLINGTON: You have heard the reading of the change proposed, is there a motion?

GOVERNOR RAYMOND P. SHAFER: Mr. Chairman, I move for adoption of the amendment.

GOVERNOR ELLINGTON: The motion is made, is there a second.

VOICE: Second.

GOVERNOR ELLINGTON: Time for discussion.

VOICE: Question.

GOVERNOR ELLINGTON: All in favor say aye.

(Whereupon, there was a chorus of ayes)

GOVERNOR ELLINGTON: Those opposed? None opposed.

Things are going mighty smooth; something is wrong here. Before I bring up the second item, I have been requested to announce that the Conference does not plan to meet at Columbus, Ohio, next year.

Now, the statement regarding two-year advance submittal of Host State Annual Meeting invitations.

MR. CRIHFIELD: This is the text of a letter written by Chairman Ellington. (Reading) This is under date of January 27, 1969.

TO ALL GOVERNORS:

The Annual Meeting of the National Governors' Conference is held each year in a location selected by the Executive Committee, based upon invitations from prospective Host Governors. As you know, the 1969 Annual Meeting will be held at Colorado Springs and our host will be Governor John A. Love of Colorado. The dates are August 31-September 3.

Your Executive Committee is aware of the fact

that it is becoming increasingly difficult for Host Governors to make all the necessary arrangements, to find adequate space at suitable hotels, and to provide flexibility as to the timing of meeting dates, unless they are given a greater amount of advance lead time. Our tradition has been that invitations from the prospective Host Governors are submitted only one year in advance.

Many organizations comparable to the National Governors' Conference select their annual meeting locations two or three years in advance, because of the reasons mentioned above. In the opinion of your Executive Committee, we would be doing a great service to our future Host Governors if the Conference adopted a policy of looking ahead two years in selecting Annual Meeting locations.

The purpose of this letter is to recommend (1) that the Conference adopt a policy position at the Mid-Year Meeting in Washington next month to the effect that we will henceforth adhere to the "two-year" advance selection procedure, (2) that prospective Host Governors for 1970 be prepared to submit invitations during the course of the Mid-Year Meeting next month and (3) that prospective Host Governors for 1971 be prepared to submit invitations during the course of the Annual Meeting at Colorado Springs next summer.

I well realize that many of you, and especially those who have just taken office, will be in no position to submit invitations on such short notice. However, the problem is sufficiently important that your Executive Committee felt we should move ahead as promptly as possible.

Please let me know if you have any questions or if you need further information on what is involved in hosting an Annual Meeting of the Conference.

Warm personal regards.

Yours very truly,

/s/Buford Ellington
Buford Ellington
Chairman

GOVERNOR ELLINGTON: Gentlemen, you have heard the recommendation. Is there a motion.

VOICE: I so move.

VOICE: Second.

GOVERNOR ELLINGTON: The motion is made and seconded, any discussion?

VOICE: Question.

GOVERNOR ELLINGTON: All in favor say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? The ayes have it. Gentlemen, those are the recommendations of your Executive Committee. Is there other business.

GOVERNOR LUIS A. FERRE: I would like to take this opportunity of asking you to hold the next Governors' Conference in Puerto Rico.

GOVERNOR ELLINGTON: Thank you so much, Governor; we will certainly consider it. Anything else to come before this body? If there is no other business, do I hear a motion to adjourn?

GOVERNOR NELSON A. ROCKEFELLER: We have got four or five Committee reports.

GOVERNOR RONALD REAGAN: Mr. Chairman, did that motion we just passed about introducing policy matters did that make it apply to this meeting to the effect that amendments or substitute

motions for some of the resolutions before us could not be considered or introduced?

MR. CRIBFIELD: The decision really is the same as it was before, because under the old rules or the new ones you can still make a motion for suspension of the Rules and the Articles which required a three-quarters vote.

GOVERNOR ELLINGTON: Governor Rockefeller is recognized first.

GOVERNOR NELSON A. ROCKEFELLER: Mr. Chairman, gentlemen, the Committee on Human Resources met and held its deliberations. We were honored by the presence of Secretary Finch and Secretary Schultz, and also the presence of Governor Ogilvie who is not a member of the Committee but joined us.

We discussed a number of pertinent problems that face all of us, and unanimously adopted the following action steps which I'd like to read. (Reading)

"The newly constituted Human Resources Committee is confronted with issues in the areas of education, health, welfare and labor that require prompt action. Furthermore, the National Administration has expressed an interest in having the benefit of the National Governor's Conference's position on certain issues. The Human Resources Committee recommends the following Action Steps:

1. That the ADC "freeze" which is a financial limitation on the states and not a caseload limitation, be repealed.

2. That the Federal Government, in reconsidering the Poverty Program, review the States' role and clearly define the areas of responsibility and authority at the Federal, State and local levels to improve the administration, coordination and evaluation of programs to aid the disadvantaged.

3. That the Federal Government help hold down rising hospital costs by abandoning the mandated cost-plus formula now used for Medicaid and Medicare payments, and any similar provisions relating to Nursing Homes.

4. That national contributory health insurance be studied by the Human Resources Committee as the first line of defense against rising costs of illness, so that publicly financed programs such as Medicaid may become a second line of defense.

5. That the present large numbers of categorical grants in the human resources area be consolidated into block grants with implementation by giving the President authority to submit plans to Congress which would become effective unless vetoed in ninety days.

6. That the Federal Government increase its financial participation in welfare costs, and establish national standards for welfare recipients taking into account regional differences.

7. That Federal aid for education be substantially increased through a block grant to states.

8. That the National Governors' Conference cooperate with the United States Department of Labor in efforts to achieve a more effective organization for management of national manpower programs and agree to consult with Secretary of Labor Schultz on specific proposals.

9. That the Committee on Human Resources of the National Governors' Conference work closely with the Secretary of Health, Education and Welfare in planning a coordinated attack on hunger in the United States.

10. That the Secretary of Health, Education and Welfare review all directives in Federal Regulations as to their

possible adverse effect on states, i. e., continuation of aid payments pending outcome of appeal hearings; declaration system of eligibility determination.

11. That the Congress amend the ADC law by establishing a ceiling to prevent unlimited earned income exemptions.

12. That Federal legislation requiring states, to increase ADC grants to meet current cost of living by July 1, 1969 be amended to permit states to take such action on a gradual basis or as available funds permit."

Both the Secretaries felt that these resolutions which they went over, and which we participated in together, and which we unanimously adopted as a Committee would be helpful if they were enacted by the Governors as a whole.

Therefore, I would like to move, Mr. Chairman, the suspension of rules to permit adoption of the Committee Report.

GOVERNOR ELLINGTON: Thank you, Governor Rockefeller; I certainly didn't intend to overlook you, but Committees are not required to report at this meeting as you well know. You have heard the motion of Governor Rockefeller.

VOICE: Second.

GOVERNOR ELLINGTON: Any discussion?

VOICE: Question.

GOVERNOR ELLINGTON: All those in favor of suspension of the rules say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? None; then you have heard

the motion to adopt the Committee Report made by Governor Rockefeller. Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: A second is made; any discussion?

VOICE: Question.

GOVERNOR ELLINGTON: All in favor of the motion will say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Those opposed? None, the ayes have it. Now, for fear we don't overlook anybody else I recognize Governor Love.

GOVERNOR JOHN A. LOVE: Mr. Chairman, the Committee on Transportation, Commerce and Technology had its first preliminary meeting and has worked out a rather ambitious program which we hope will lead to helpful statements to be presented during the months to come, and also at the Colorado Springs meeting.

In the meantime, we adopted a short statement of a matter that has concerned this Conference on past occasions and I will not, at this time, move for suspension of the rules in view of the fact that the problems which we addressed ourselves were met on the record by the Secretary of Transportation when he addressed the group, and said that he committed himself wholeheartedly.

to the program whereby the Federal Highway Program would not be a matter of peaks and valleys, and starts and stops. So, it seems to me that although we did adopt as a Committee the following statement:

"The National Governors' Conference wishes to restate its opposition to irregular disbursements, cutbacks, and restrictions on the allocations of the Highway Trust Fund.

"The Governors of the States commend the action taken recently by the Secretary of Transportation to lift certain restrictions on the allocation of these Trust Funds."

That as has been suggested by a powerful member of our Committee, Governor LeVander, that we actually bring it before the Conference and bowing to his suggestion I will move for the suspension of the rules.

GOVERNOR ELLINGTON: Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: Any discussion?

VOICE: Question.

GOVERNOR ELLINGTON: All in favor say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? None. Now, we have the motion of Governor Love. Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: The motion has been made and

seconded, any discussion?

VOICE: Question.

GOVERNOR ELLINGTON: All in favor of the motion will say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Those opposed? The ayes have it. Now, the Committee on Executive Management and Fiscal Affairs. Governor Evans is not in the room. I will go along with Governor LeVander.

GOVERNOR HAROLD LeVANDER: Mr. Chairman, the Committee on Executive Management and Fiscal Policy met yesterday, and recommended four policy statements and while one of them is a repetition of one that has already been adopted by the Human Resources Committee, and I think inasmuch as adopted by that Committee it reinforces the adoption by this Committee and, therefore, I'd like to read to you the four recommended policy statements that the Committee on Executive Management and Fiscal Policy unanimously adopted. (Reading)

REVENUE SHARING

"The National Governors' Conference reiterates its support of the principle of sharing federal taxes with the States as an absolute necessity in enabling States to meet their responsibilities and remain viable partners in the federal system.

GRANT CONSOLIDATION PLANS

The National Governors' Conference strongly supports and urges enactment of legislation by the Congress authorizing the President to submit grant consolidation plans, such consolidation to be transmitted to the Congress and to become effective unless rejected by either House within a period of 90 days.

TAXATION OF INTERSTATE BUSINESS

The National Governors' Conference reaffirms its support of the Multistate Tax Compact and urges the enactment by Congress of the necessary consent legislation. The conference also reaffirms its opposition to enactment by Congress of legislation which would restrict the power of states to administer their own laws pertaining to the taxation of interstate business.

TAXATION OF NATIONAL BANKS

The National Governors' Conference urges Congress to enact legislation to allow state taxation of National Banks which would eliminate the unfair competitive disadvantage to state banks, and the tax loss to States occasioned by recent court decisions.

Three of these resolutions were uananimously adopted. The second one one of the Governors didn't vote on because of a philosophical question, but that had already been adopted so I don't see why we can't adopt it over again.

I move suspension of the rules to allow action on these four resolutions.

GOVERNOR ELLINGTON: Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: The motion has been made and seconded, any discussion?

GOVERNOR HEARNES: Mr. Chairman, the hour is late and I am sure this is going to pass but I'd like the record to show my opposition to the Revenue Sharing resolution as this particular paragraph is written.

I have had a difficult time, ever since Governor Romney, Governor Love and some others started this--and myself included--trying to explain increasing the deficit spending by the Congress through tax revenue sharing, without any more of an explanation other than we'd be opposed to increasing deficit spending which Congress now enjoins and for that reason I'd like to have the record show that on that particular part of this resolution I am opposed.

GOVERNOR ELLINGTON: Thank you, Governor Hearnese, and we will ask the Secretary to make note of that.

GOVERNOR RAMPTON: As long as we are going under a suspension of the rules, I'd like to be heard now or if not I will wait until the motion is considered.

GOVERNOR ELLINGTON: We will take the vote on the suspension of the rules. All in favor say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? The ayes have it. Now,

the motion on the adoption of the statement. Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: The motion is seconded; now, Governor Rampton.

GOVERNOR RAMPTON: In regard to Item No. I, in regard to which Governor Hearnese has expressed some reservation, whether I could vote yes or no on this particular proposal would depend upon the formula which the revenue sharing is to be allocated to the States. It could be allocated on the basis of population, or some method of collection, some formula and I wouldn't be willing to vote yes on this proposal even though I am not totally against it until I could see some formula by which the federal revenue could be distributed.

GOVERNOR ELLINGTON: Thank you, Governor.

GOVERNOR LEVANDER: May I give you some further information. The Committee decided that this resolution couldn't be unanimously adopted, but they support it in principle. Now, we also adopted a motion that the staff and the Committee would be going into the examination of the various suggestions of formulas, and how it should be done, whether on a capital basis or on a percentage of income. This would be studied and make a recommendation, if we can get a consensus, and it would be submitted at the Governors' Conference in Colorado.

But, the feeling of the Committee was that we ought to adopt a restatement and a reiteration of what was said before as a guideline, and a statement of principle, that we favor Federal/State tax sharing.

I, personally, feel that all of us must realize that unless we can get this principle accepted and acted on I don't see how the States are going to fulfill their obligation as we move down the path.

GOVERNOR RAMPTON: In that event, Mr. Chairman, I'd like to propose an amendment to the resolution to this effect, that the Committee on Human Resources be directed by the Governors' Conference to determine a formula for tax sharing among the States, and report to the Governors' Conference to be held in Colorado in August.

GOVERNOR ELLINGTON: Gentlemen, you have heard the amendment; is there a second to the amendment?

GOVERNOR LeVANDER; We will accept it.

GOVERNOR ELLINGTON: Any discussion on the amendment? If not, all those in favor of the amendment say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? The ayes have it.

GOVERNOR JOHN BELL WILLIAMS: Mr. Chairman, Governor LeVander mentioned that one member of the Committee took exception

to a portion of one of these recommendations. Like Governor Hearnese, I have some rather strong philosophical reservations with regard to Recommendation No. II, "Grant Consolidation Plans". While I support fully the intended purpose of this resolution, nonetheless in order to be consistent with the position which I necessarily took consistent with my conscientious beliefs and philosophy during twenty-one years in the United States Congress, I feel constrained to ask that I be recorded as being in opposition to the suggestion which is contained in the last part of the sentence recommending that the authority be conferred on the President by the Congress.

I feel that, briefly speaking, this is a request on the part of the Governors to the United States Congress to abdicate part of their exclusive legislative powers given by the Constitution, and to delegate those powers to the Executive Branch.

It is on that basis that I ask to be recorded as voting in opposition to that particular portion of the recommendation.

GOVERNOR ELLINGTON: With that objection, the notation will be made by the Secretary. Any other discussion, gentlemen? All right, back to the original motion as amended. We have a motion and a second, all in favor say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? None opposed. Are there any other Committees that desire to report or make a statement? If not, is there any other business to come before the Conference?

GOVERNOR REAGAN: There are two statements here before us, and I have not heard them reported on. Maybe I haven't caught them, but one had to do with the Executive Committee's statement on education, and the other one is a statement of appreciation from this Conference to those who have been here, and I would like to offer for both of them an amended version if I may and the first one is on the statement of appreciation.

GOVERNOR ELLINGTON: Governor Reagan, we intend to bring that one up at the end.

GOVERNOR REAGAN: I thought you were getting ready to bang that gavel.

GOVERNOR ELLINGTON: The one on appreciation, and the other one on the statement by the Executive Committee we did adopt it unanimously yesterday. We had no plans to bring it before the Conference. It was just a statement of the Committee. Of course, it would be our pleasure as to whatever you want.

GOVERNOR REAGAN: Then, I shall wait until the proper time for the appreciation one but then on the education statement I would move for a suspension of the rules in order to introduce a

resolution before this Conference?

GOVERNOR ELLINGTON: Gentlemen, you have heard the motion for suspension of the rules.

VOICE: Second.

GOVERNOR ELLINGTON: The motion is seconded, all in favor say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed? The ayes have it.
Governor Reagan, you are recognized.

GOVERNOR REAGAN: Thank you, Mr. Chairman; I know, gentlemen, that some of you share some of the same problems that I have in my State with regard to violence. Not just dissent, but disorder on the campus. We have a letter here to the Vice President from Father Hesburgh of Notre Dame. Some of you have perhaps been more fortunate and not had some of these disorders.

From my own experience, I just want to preface what I am going to say in my motion by saying that in California at the height of the violence and vandalism that has seen the destruction of property, the burning of buildings and I also mean the destruction of buildings, fire bombings, explosive bombings to the point that right now a young lady twenty years old who was on one of the campuses is in the hospital.

Two days ago, she happened to be working in the

Administration Building when the bomb went off. They don't know, yet, whether they can save her right hand and her sight. She is terribly disfigured, and will require numerous operations to save her life.

In dealing with this problem on the campus, it has been made clear to me that for the most part that the administrators, faculties, and students are not quite sure of what it is they are up against, and so with full recognition to the right of dissent I would like to propose for this group a resolution.

Whereas, public higher education is a privilege made available to students by the taxpayers;

Whereas, institutions of higher learning have the high purposes of imparting knowledge fostering inquiry and preparing the student for his future within a civilized society;

Whereas, most faculty members and students recognize that the laws of the land apply to the campus as well as to the remainder of the community and,

Whereas, it is not the purpose of these institutions to serve as staging grounds or practice fields for insurrection, rebellion and anarchy;

Whereas, disruptions on and around the campuses throughout the nation have increased in number and violence, and a general disregard for the basic civilized values of our society;

Whereas, there is a growing evidence of nation-wide coordination in planning in the nature, the timing and the leadership in campus disruptions.

Now, therefore, be it resolved that the Governors urge the President of the United States and the Department of Justice to authorize a full and complete investigation into the instigators, the causes and the effects of such violence which is no longer a series of isolated phenomena but instead is nation-wide seeking, among other things, to determine if there is a nation-wide plan or organization behind the current outbreaks; whether federal funds should be withheld from institutions, faculty members, and students who permit or perform unlawful acts, and whether there are specific steps that could be recommended to the states and the institutions that would lessen the incidence of violence without, at the same time, curbing the right of dissent or hampering the ability of the institution to function in its proper manner or instituting new federal controls over the legitimate authority of the States. I so move.

GOVERNOR ELLINGTON: Gentlemen, you have heard the resolution by Governor Reagan. Is there a second.

VOICE: Second.

GOVERNOR ELLINGTON: The motion is seconded, now discussion.

GOVERNOR HEARNES: Mr. Chairman, I don't have the program in front of me but I assume this is the end of the bueinss session, and tomorrow we have nothing; is that correct?

GOVERNOR ELLINGTON: I beg your pardon.

GOVERNOR HEARNES: This is it as far as this s ssion, we don't have anything tomorrow morning.

GOVERNOR ELLINGTON: If we finish this afternoon, that is correct.

GOVERNOR HEARNES: I think, in my opinion, Governor Reagan everyone is in a little delicate position of not having had a chance to study this, these resolutions that have a far reaching import. Not all the Governors here have made their position known, and you are calling upon the present Republican President to investigate this and I think that has some implications. I would feel that way if it were a Democratic President in office. The matter of withholding Federal funds has some implications to me where faculty members and students have performed unlawful acts, say, fifty students out of several thousand have performed unlawful acts and maybe a couple of professors say that it is all right for them to do it, and 90% of them say no, and here you are talking about withholding funds.

I think this has very far reaching implications as far as putting ourselves on record in favor of it, and yet to be voiced

in opposition to it would be exactly opposite the steps which I have made public at home as far as this particular situation, and I assume about every Governor has done the same thing and, of course, it varies in different States. But, this is a very far reaching resolution in these areas which have had the advantage of long hours of study, and contemplation, which the rest of us have not.

GOVERNOR REAGAN: Mr. Chairman, if the Governor would like to suggest as an amendment the exclusion of that line as to whether federal funds should be withheld from institutions, faculty members, and students, and so forth I would be very happy to accept it as an amendment and just cross that out and simply saying to determine if there is a nation-wide plan or organization behind the current outbreaks, and whether there are specific steps that could be recommended to the states and the institutions that would lessen the incidence of violence.

My purpose is really not for that, and that is why I am willing to leave that line out. I am sure there are some provisions right now in giving of funds to these people who participate in these incidents.

What I am interested in is this. I participated in a meeting recently with nine university chancellors, the president of the entire university system, and heard a highly respected local law enforcement official stating that according to intelligence

information they were getting this was in the nature of a revolution, and a planned assault, and yet it was not accepted by these educators who were still worrying about the complexities of dealing with the problem, and I purposely left some things out which were originally in here in order to give more flexibility.

In other words, this leaves to the President the option of whether this should be in the nature of a kind of task force investigation and report that we have had on violence, or one of a number of other things that were developed under the previous President. It gives flexibility, but what I had in mind was the prestige that would come from this type of investigation and could let our college and university administrators know what they are up against if, indeed, as the law enforcement official said a planned nation-wide thing that they would be further armed in dealing with it, and perhaps it would give them some of the machinery they need.

GOVERNOR HEARNES: Governor Reagan, are you familiar with the first order of business before the House Internal Security Committee, whatever the name is, and this first order of business is the investigation of the campus disorders to see if there is, as you were asking here, a connection here between the campuses in the United States?

GOVERNOR REAGAN: I was not aware of that.

GOVERNOR HEARNES: I appreciate your position, and I appreciate your sentiments but I just say this appears to be federal involvement, and this is a thing that bothers me a great deal. I don't want to lose any sympathy whatsoever for this but, at the same time, I sure would hate to see a withholding of federal funds from universities because of 50 or so SDS students.

GOVERNOR REAGAN: I said I would drop that out.

GOVERNOR HEARNES: This has far reaching effects, Governor, and I just picked this up and have had a quick look and there are other things that are involved and I, myself, would rather have much more time to study it.

GOVERNOR FRANK LICHT: With respect to Governor Reagan's resolution, and having a chance to examine it in detail, the resolution which everybody heard which I am quickly looking at now it seems to me there are certain amount of facts which don't square with the delicate question of academic freedom, as I view it, particularly as related to what Father Hesburgh has suggested in his own letter to the Vice President.

I think we are dealing with a problem, really, of categorizing problems of education in a manner that I think could be construed, certainly, as an intrusion in the field of academic freedom by the Governors' Conference. Certainly it doesn't appear to me that it would be warranted to take up a matter of

such importance at this stage and at this hour and, frankly, if the matter came to a vote I could not support it.

GOVERNOR RAMPTON: I am not sure I am in support of Governor Reagan, and I think it is a complicated resolution, and I would move to substitute for the language read by Governor Reagan the language in the news release, striking the words "The Executive Committee", so that the line would read, "The National Governors' Conference extends * * *" and so on down through the resolution adopted by the Executive Committee.

GOVERNOR ELLINGTON: You have heard the motion for the amendment, is there a second.

VOICE: Second.

GOVERNOR ELLINGTON: Is there any discussion on the amendment? Please confine it to the amendment.

GOVERNOR HEARNES: A parliamentary inquiry, Mr. Chairman. At what point would an amendment to an amendment be in order?

GOVERNOR WILLIAMS: I would amend the substitute by adding the language which would be in the resolving clause of the initial resolution and it would read as follows:

"And, further, that the Governors support a full and complete investigation into the instigators, the causes and the effects of such violence * * * *."

And so forth, using the same language as Governor Reagan us s but striking the portion dealing with federal funds being withheld.

GOVERNOR ELLINGTON: You have heard the motion by Governor Williams, is there a second? For lack of a second, we go back to Governor Rampton.

GOVERNOR REAGAN: Do you want this as amended by Governor Rampton beginning with simply "The National Governors' Conference" and then what?

GOVERNOR WILLIAMS: I wanted to add at the end of the Executive Committee resolution a new paragraph, and shall I read the language of it?

"And, further, that the Governors support a full and complete investigation into the instigators, the causes and the effects of such violence which is no longer a series of isolated phenomena, but instead is nationwide seeking, among other things, to determine if there is a nation-wide plan or organization behind the current outbreaks, and whether there are specific steps that could be recommended to the States and to the institutions that would

lessen the incidence of violence without at the same time curbing the right of dissent or hampering the ability of the institution to function in its proper area, or instituting new federal controls over the legitimate authority of the States."

GOVERNOR REAGAN: Mr. Chairman, with the consent of my seconds I would accept that as an amendment to my motion. I am prepared to vote on the amendments by Governor Rampton and Governor Williams.

GOVERNOR WILLIAMS: I will offer this amendment as an amendment to the substitute which, I presume, was the substitute offered by Governor Rampton.

GOVERNOR ELLINGTON: You have heard the statement by Governor Williams, is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: A second to Governor Williams' amendment as an amendment to that by Governor Rampton.

GOVERNOR ROCKEFELLER: I'd like to ask whether there is any evidence before us to the effect that the Federal Government is not now doing what is herein recommended? I have spent twelve years in the Federal Government, and I have had a great deal at various times to do with intelligence work of this Government

both with the FBI and other intelligence organizations, and I think it would be extremely presumptuous for this body to recommend to the President to do something that has already been done.

GOVERNOR HEARNES: I think it is awfully hard to follow these things when they are not written, the Governor of Utah has made an amendment to the language read by the Governor of California, where he has struck out in the resolve clause and substituted instead the language of the news release, what was embodied in the Executive Committee recommendation.

GOVERNOR ROCKEFELLER: I am speaking to Governor Williams' amendment.

GOVERNOR ELLINGTON: I don't quite know, clearly, the situation. Let me ask the Secretary to read the amendment as proposed by Governor Rampton.

MR. CRIHFIELD: (Reading) "The National Governors' Conference extends its full support to the President of the United States relative to the preservation and advancement of higher education, which is being jeopardized on many of the Nation's campuses. Lawless acts by a small segment of the student population must not be allowed to interfere with the vast number of students who are seeking to exercise their educational opportunities. We join with others who share a responsible role in pledging actions which will ensure the continuation of

these opportunities."

And Governor Williams' substitute amendment was an additional paragraph to the Executive Committee resolution.

(Reading) "And, further, that the Governors support a full and complete investigation into the instigators, the causes and the effects of such violence which is no longer a series of isolated phenomena, but instead is nation-wide seeking, among other things, to determine if there is a nation-wide plan or organization behind the current outbreaks, and whether there are specific steps that could be recommended to the States and to the institutions that would lessen the incidence of violence without at the same time curbing the right of dissent or hampering the ability of the institution to function in its proper area or instituting new federal controls over the legitimate authority of the States."

GOVERNOR REAGAN: Mr. Chairman, may I point out to Governor Rockefeller that my original motion used the words urging an investigation and I think that Governor Williams has said if such an investigation is indeed going on all we are doing is saying we support that, and it seems to me that we are simply adding our voice in support of any investigation if such

a thing is happening now.

GOVERNOR ELLINGTON: Gentlemen, the situation is this that we are voting on an amendment to an amendment as was presented by Governor Williams. Is there further discussion?

VOICE: Qestion.

GOVERNOR ELLINGTON: All in favor of Governor Williams' amendment will vote aye.

(Whereupon, the was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed.

(Whereupon, there was a chorus of naves.)

GOVERNOR ELLINGTON: We had better have a hand count. All those in favor of Governor Williams' amendment please raise your hands.

(Whereupon, there was a show of hands.)

GOVERNOR ELLINGTON: Opposed.

(Whereupon, there was a show of hands.)

GOVERNOR ELLINGTON: The amendment fails; now, we are back to the original amendment by Governor Rampton. Any further discussion on that, or do you want it read again?

VOICE: Qestion.

GOVERNOR ELLINGTON: All in favor of the amendment by Governor Rampton?

VOICE: A parliamentary query, Mr. Chairman, the amendment

of Governor Williams is a substitute?

GOVERNOR ELLINGTON: That is correct. All in favor of the substitute proposed by Governor Rampton will say aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed.

(Whereupon, there was a chorus of naves.)

GOVERNOR ELLINGTON: I believe the ayes have it. If you want a hand count, why, you can hold up your hands. Now, gentlemen, if you will I have asked Mr. Crihfield to read a statement of appreciation.

GOVERNOR TOM McCALL: I would abstain on both positions. I don't think this is a responsible way to do business with such a sensitive issue. If you vote against it, you are exciting about 25% of the militants and you are completely misunderstood and I think it is something that we ought to get a complete discussion on and come up with a strong and moderate statement that speaks to the issues, and not something that we put together in about fifteen minutes late Thursday afternoon.

GOVERNOR ELLINGTON: Thank you, Governor, and we will make a notation to that effect.

MR. CRIHFELD: Before I read the resolution of appreciation proposed by the Executive Committee--

GOVERNOR REAGAN: Before the gavel falls and I am nere all alone, I would like to try again. In view of the discussion

today with regard to some of the goals of the Governors' Conference,

I would like to propose my resolution be amended to say: (Reading)

"Whereas, President Richard M. Nixon has from the start of his Administration recognized the vital role of state and local government in providing responsive and effective public service to the citizens of our Nation, and

"Whereas, the President has specifically designated a former Governor, Vice President Spiro T. Agnew, to provide top level leadership in maintaining liaison between state and federal governments; and

"Whereas, the President has directed every element of the federal government to work closely with state and local governments to improve coordination and to develop the best possible cooperative relationships to effectively serve all the people, and to solve the many problems facing public officials throughout the Nation; and

"Whereas, the confidence of the President in the leaders of state and local government has been reflected in the appointments to the Cabinet and to other high positions throughout the Executive Branch of the federal government:

"Now therefore be it resolved that the National Governors' Conference expresses its appreciation to the President and the Vice President for their recognition of the appropriate role of state and local governments in the total spectrum of public service; urges the continuation and expansion of this spirit of cooperation and effective communication throughout all elements of the federal government; and expresses the commitment of the assembled Governors to work closely with our national leaders to assure the highest degree of intergovernmental cooperation in solving the many and complex problems facing the people of our Nation."

GOVERNOR ELLINGTON: Gentlemen, you have heard

Governor Reagan offer an amendment. Is there a second?

VOICE: Second.

GOVERNOR ELLINGTON: Any discussion on the amendment?

VOICE: Question.

GOVERNOR ELLINGTON: The question is called for. All those in favor of the amendment will vote aye.

(Whereupon, there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed. None opposed. Now, we will get back to the statement of appreciation.

MR. CRIHFIELD: (Reading) "The National Governors' Conference wishes to express its deep appreciation to the President and the Vice President of the United States for their assistance and cooperation in making this a memorable meeting of the Conference. We also wish to express our special thanks to members of the Cabinet and the Congress for their active participation in our activities and deliberations."

GOVERNOR ELLINGTON: All in favor of the resolution of appreciation say aye.

(Whereupon there was a chorus of ayes.)

GOVERNOR ELLINGTON: Opposed. None opposed. Is there any other business? Do I hear a motion to adjourn?

VOICE: I move we adjourn.

GOVERNOR ELLINGTON: The motion has been made to adjourn.

VOICE: Second.

GOVERNOR ELLINGTON: Gentlemen, let me thank you for your courtesy in being here, and I will see you soon again. Thank you very much.

(Whereupon, the Conference was adjourned at 4:50 o'clock, p.m., Thursday, February 27, 1969.)

PRESS CONFERENCE

(Whereupon, the Press Conference was convened at 5:00 o'clock, p. m.)

VOICE: Gentlemen, may I have your attention for just a moment. The Vice President and the Governor will be leaving in about fifteen minutes, so we want you to know to start with you have approximately fifteen minutes of time for questions.

The Governor will make a brief statement as a wrap up of the Conference, and then present the Vice President, and then feel free to ask questions to either or both, and address them to the particular person you'd like to answer. With that as a background, Governor Ellington.

GOVERNOR ELLINGTON: Thank you; ladies and gentlemen of the Press, we have just concluded the business session of the Conference. I think it has been one of the better conferences that we have had with the Governors of the States, and we

appreciate so very much the cooperation that we got from the White House, from the Vice President, from the Cabinet and all of those concerned and as Governors as a whole all of us are very much encouraged as to the partnership in Government, or the relation between the Federal and State Governments, and it has been very encouraging during these two days to hear the comments and views.

I am very happy to be here with the Vice President, and I am sure you will want to direct most of your questions to him, but we are ready.

VICE PRESIDENT AGNEW: Governor, they have some questions of you.

QUESTION: What happened to the Reagan resolution?

GOVERNOR ELLINGTON: The Reagan resolution was amended, and the statement that we gave to you yesterday was substituted, the statement that the Executive Committee passed, was substituted for the Reagan resolution and there was an amendment to it which was about along the same line that we adopted in the Executive Committee yesterday. I do not have the copy, we can get it for you.

QUESTION: What was the final vote, Governor, on the substitution?

GOVERNOR ELLINGTON: I don't believe there was a

dissenting vote on the substitution.

QUESTION: Was Governor Reagan's resolution ever voted on.

GOVERNOR ELLINGTON: No.

QUESTION: Do you remember what the vote was on the Williams substitution, approximately?

GOVERNOR ELLINGTON: I believe there were about ten or eleven votes for and, of course, when the others raised their hands we didn't count the rest of the vote. Let me make this perfectly clear to you. This was no slap in the face of Governor Reagan, I don't want to leave this impression, because it was not.

The Governors felt like that we have the assurance that the Administration is going to cooperate with us along these lines, and most of that was covered in the resolution submitted by Governor Reagan. We are all concerned. However, none of the Governors had seen this resolution until it was proposed and this is a serious thing that we are talking about, and I think it takes time to be sure that we know exactly what we are saying and what we are doing.

We have to be very careful that the academic freedom is preserved in the colleges and universities. We have to be very careful that everybody's rights are protected in these things and then too, as I said, we believe we have the assurance from this

Administration that investigations will be made, and where help is needed in the States that we will have the support of the Administration.

QUESTION: Mr. Vice President, will you tell us what the Department of Justice is doing along these lines?

VICE PRESIDENT AGNEW: As I understand it from the very brief conversations today with the Attorney General, there is a continuing activity in the Department of Justice that didn't come about simply because campus disorders have become prevalent, but something goes on routinely in the way of investigating this type of problem.

I think this was one of the reasons, Governor Ellington, why the Governors did not feel that the portion of the resolution which was, incidentally, not expected but which I understand asked for the Department of Justice involvement was thought unnecessary this routinely goes on all the time.

QUESTION: Is this the FBI, Mr. Vice President?

VICE PRESIDENT AGNEW: I think so, yes.

QUESTION: What do they do routinely, Mr. Vice President?

VICE PRESIDENT AGNEW: They have an assignment to keep an eye on disturbances of this type, and to be certain that they seek to identify any links that might exist between them. It is the routine surveillance of the organization.

QUESTION: Mr. Vice President, was the Administration then essentially in favor of the resolution as finally adopted?

VICE PRESIDENT AGNEW: I wouldn't say that. Let me make a general statement which I think would be helpful in outlining what I believe to be the Administration's position based on my conversations with the President, and his letter to Father Hesburgh, and Father Hesburgh's letter to me which was just received today.

As Governor Ellington indicated, the first thing we want to realize is that any interchange between the universities, the college community, and the Governmental Establishment should not be interpreted to put these two bases in opposition with each other. We are talking about, as has been universally recognized, a very small proportion of the students in the colleges and universities who are carrying their dissent beyond permissible limits, and we are talking about the need to bring about protection for the other students who want to exercise their academic freedoms to learn, and we are talking about the freedom that the college community, the administration, and the faculty want to exercise to be able to teach and we are talking about interference with these rights by a very few people.

Now, there is no dispute between the academic community and the Government whether it is State government, local government,

or the Federal Government. Everyone wants to continue the American tradition, but the greatest flexibility will be allowed to the college administration in developing the curricula, in deciding what is to be prepared and presented, and how it is to be presented. But, one point and a very sensitive point comes up.

Father Hesburgh points out in his letter that we must be extremely careful not to move into these situations until the college community, itself, has decided that it is necessary and called for and I think they have been diligent for the most part in calling when they need help.

On the other hand, there may be and there have been a few instances where they haven't been aware that they have needed help, or for some reason haven't called for it.

Now, you know that this was true in the case of Columbia University and you know this was true in the case of Berkeley for a while and I can understand Governor Reagan's concern because he has been on the firing line for this for a long time. The point on that case is what should the Government do if the academic community refuses to call for help to protect an individual student's rights, and that is the delicate point that no one should discourse about until we have had a chance to sit down and talk it through with the academicians, with the people in the community.

I see the problem, if I may use an analogy, suppose for

example in a public library one student assaults another student. Does it then become impossible to right the wrong of the student assaulted until the custodian of the library calls for help; or does the student who has been injured have the right to call for help himself?

These are very delicate questions, and ones which don't come up often but maybe come up occasionally.

QUESTION: How would you effect, or be able to resolve this question, Mr. Vice President; what kind of conversations or legislation or what?

VICE PRESIDENT AGNEW: Well, here is what we have done so far. In accordance with the President's directive to me, and because of the interest in the subject matter, I have distributed Father Hesburgh's very thoughtful and very fine letter to the Governors requesting that they read it, and give me their thoughts not only on this letter but on the subject of campus disorders generally within the next week, and when we receive the letters we will get some kind of sensing of what the opinions are and the alternatives that we may have to move in, and from strictly a stimulative aspect try to bring together some of the minds in the university community, and some of the minds in the Government, to discuss this.

Now, I am not suggesting that the President is going to

ask for any task force. I don't know what he is going to do, but I want to point out right now I certainly don't want to move in direct opposition to the wishes of the fine academic institutions who are so important to the country.

QUESTION: Governor Reagan seems to believe there is a conspiracy among the or between the disturbances. Would you go along with that?

VICE PRESIDENT AGNEW: Well, let me say I don't have any idea that or any reason to suspect that a conspiracy exists. But, as I have said on several occasions I don't see why a conspiracy is important to the subject matter. I think that if there is an interference with the rights of the students to get a college education, whether it is as a result of a conspiracy or a simple result of a band of law breaking dissidents in a particular location, we have an equal obligation to put it down. I have no reason to suspect a conspiracy.

QUESTION: What effect did Father Hesburgh's letter have on the Governors when you distributed it; did it change their minds about the Reagan resolution?

GOVERNOR ELLINGTON: No, I don't think that had anything to do with it at all. As I stated in the beginning the Governors, of course, are working on it. We are working with our university officials and college presidents and staffs, and from the State.

level we are keeping them informed of everything that we know, and not to try to tell them what to do, but to be of assistance. No, I don't think this had any effect.

QUESTION: Governor you said, as I understood you, that the Executive Committee statement was substituted for the Reagan resolution.

GOVERNOR ELLINGTON: That is correct, and then amended.

QUESTION: What was the substitute amendment?

GOVERNOR ELLINGTON: I do not have it with me, I am sorry. The amendment was offered by Governor Rampton of Utah, and was adopted unanimously.

QUESTION: Mr. Vice President, is it your understanding that the routine investigations that you spoke as being carried on are with the knowledge and cooperation of the university authorities, and if so does this place agents such as FBI agents on the campuses?

VICE PRESIDENT: I have no way to answer that. I think that is a question best addressed to the Attorney General, because I am not familiar with that function.

QUESTION: Does this include an investigation as to whether or not there is a conspiracy?

VICE PRESIDENT AGNEW: I don't know the answer to that question, because I have no familiarity with it. As a matter of

fact, my superficial knowledge of it simply came about because the Attorney General today mentioned to me that--when considering the Reagan resolution--that the part calling for an investigation was really superfluous, because this is a constant function of the agency of the Department of Justice and I assume he meant the FBI.

QUESTION: Mr. Vice President despite the fact that the Department of Justice and, therefore, the Government is keeping its eye on this situation and also the fact that the academic community should be left alone as Father Hesburgh suggested, does the President still express the concern that this could creep into the high school level?

VICE PRESIDENT AGNEW: I want to make it completely clear that was not the President's statement, that was my statement about the concern that it might creep into the high school level.

QUESTION: Mr. Vice President, you said that the matters of the curriculum should be left up to the universities. Do you go along with Father Hesburgh's advocacy that the maintenance of order should be left up to the universities until they call for help?

VICE PRESIDENT AGNEW: That is the point where I tried to distinguish my thinking from Father Hesburgh's. Normally, yes,

I agree with him and in cases where the university is responding promptly. But, I attempted to show in my illustration that there could be a case of where a student's rights were being seriously interfered with, or he was subjected to bodily harm from another student; where the university for some reason did not respond promptly enough, the student himself who was the victim of attack should not have to wait for the custodial officers of the place he happens to be to call for help.

Now, in the criminal jurisprudence if I am in somebody's home and a man assaults me with a knife, I don't have to wait for the person who owns that home to call for help. I have a right to be protected because I am the person being attacked.

QUESTION: Mr. Vice President, during the disruptions on the college campuses there were some black arm bands seen and earlier this week the Supreme Court issued a ruling concerning wearing of black arm bands in protests which were not disruptive. Do you think this is a correct ruling?

VICE PRESIDENT AGNEW: I didn't read the decision yet, normally, I have been totally in favor of allowing lawful dissidence to take place wherever it occurs. I have consistently approved this type of thing, but I haven't read what the decision was and I don't care to comment in that respect.

QUESTION: Mr. Vice President is it fair--with regard to

what you just said to the question before--is it fair to interpret that you feel there might be cases where federal help should be brought in even without being asked if the students are in danger?

VICE PRESIDENT AGNEW: No; I am talking about the normal help that always springs from local sources when someone is the victim of a criminal attack, not where the individual is involved in a crime across State lines or a narcotics offense, or something where federal help is traditionally used.

QUESTION: Mr. Vice President, have you had other views on this matter from other academicians beside Father Hesburgh?

VICE PRESIDENT AGNEW: No, I haven't; not in the recent past. It has been the other view that we have received.

QUESTION: Was there any feeling on the part of the Governors that the carrying out of the Reagan resolution might be, in itself, inflammatory?

VICE PRESIDENT AGNEW: I can't answer that, because I wasn't there when the resolution was offered or when it was under discussion.

QUESTION: How about your own view whether it might be inflammatory or provocative?

VICE PRESIDENT AGNEW: This is a question of judgment, and I haven't done anything more than quickly scan the resolution, and I have no opinion.

QUESTION: Mr. Vice President, could you clarify the Attorney General's position? You said--

VICE PRESIDENT AGNEW: I think he had better clarify it.

QUESTION: Was the superfluous reference in your remarks to the part of the Reagan resolution calling for the investigation or to the entire resolution?

VICE PRESIDENT AGNEW: The part calling for an investigation.

GOVERNOR ELLINGTON: Let me make this clear, Attorney General Mitchell was not present and, in fact, I am sure he didn't see the resolution and so his appearance before us had no connection, no reference, whatsoever because--

VICE PRESIDENT AGNEW: It wasn't discussed with him.

QUESTION: Have you got the language yet?

GOVERNOR ELLINGTON: No.

VOICE: With regard to your question, I can read the resolution and then we will have to make copies but I can read it for you.

QUESTION: Governor, was that all that you talked about this afternoon just the campus disorders and what to do about them?

GOVERNOR ELLINGTON: No; we made some changes in the rules of the Conference. We made some decisions on the future meetings, and the annual meeting of the Conference and so forth.

But, this was important to most people.

VICE PRESIDENT AGNEW: In point of time, I would estimate that the total consideration aside from the discussion on the resolution that took place after I left, and also the letter from Father Hesburgh and my initial remarks as to the President's desire to have some thinking on this subject took no more than five minutes.

QUESTION: Was there any discussion of opinions on block grants, or revenue sharing, or any of these matters?

GOVERNOR ELLINGTON: That was discussed.

QUESTION: Was there an opinion by the Conference itself?

GOVERNOR ELLINGTON: I think that the Administration representatives, the Cabinet, and all those that were there were sympathetic toward the block grant idea. It is going to be a problem. It is going to continue to take time to work it out. As far as we were concerned, there were no commitments, but we were very happy with the response that we got from the federal officials. Gentlemen, thank you very much.

(Whereupon, the Press Conference was concluded at 5:20 o'clock, p.m.)